

Return of Organization Exempt From Income Tax

OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2004

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2004 calendar year, or tax year beginning , and ending

B Check if applicable

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization

NARCONON OF NORTHERN CALIFORNIA

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

262 GAFFEY ROAD

City or town

State or country

ZIP + 4

WATSONVILLE

CA

95076-9731

D Employer identification number

77-0275827

E Telephone number

1-800-556-8885

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

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

H and I are not applicable to section 527 organizations

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

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

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

I Group Exemption Number ▶ 2595

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

G Website: ▶ WWW.DRUGREHAB.NET

J Organization type (check only one) ☒ 501(c)(3) (insert no) ☐ 4947(a)(1) or ☐ 527K Check here ☐ if the organization'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

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 3,245,974

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

1 Contributions, gifts, grants, and similar amounts received:

a Direct public support

1a 64,872

b Indirect public support

1b

c Government contributions (grants)

1c

d Total (add lines 1a through 1c) (cash \$ 57,288 noncash \$ 7,584)

1d 64,872

2 Program service revenue including government fees and contracts (from Part VII, line 93)

2 3,081,564

3 Membership dues and assessments

3 0

4 Interest on savings and temporary cash investments

4 12

5 Dividends and interest from securities

5 0

6a Gross rents

6a 5,400

b Less: rental expenses

6b

c Net rental income or (loss) (subtract line 6b from line 6a)

6c 5,400

7 Other investment income (describe ▶)

7 0

8a Gross amount from sales of assets other than inventory

(A) Securities

(B) Other

0 8a 20,000

b Less: cost or other basis and sales expenses

0 8b 28,807

c Gain or (loss) (attach schedule)

0 8c -8,807

d Net gain or (loss) (combine line 8c, columns (A) and (B))

8d -8,807

9 Special events and activities (attach schedule) If any amount is from gaming, check here ☐

a Gross revenue (not including \$ 64,872 of contributions reported on line 1a)

9a 0

b Less: direct expenses other than fundraising expenses

9b 0

c Net income or (loss) from special events (subtract line 9b from line 9a)

9c 0

10a Gross sales of inventory, less returns and allowances

10a 74,126

b Less: cost of goods sold

10b 27,391

c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)

10c 46,735

11 Other revenue (from Part VII, line 103)

11 0

12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)

12 3,189,776

13 Program services (from line 44, column (B))

13 2,506,672

14 Management and general (from line 44, column (C))

14 603,173

15 Fundraising (from line 44, column (D))

15 0

16 Payments to affiliates (attach schedule)

16 0

17 Total expenses (add lines 16 and 44, column (A))

17 3,109,845

18 Excess or (deficit) for the year (subtract line 17 from line 12)

18 79,931

19 Net assets or fund balances at beginning of year (from line 73, column (A))

19 106,270

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)

21 186,201

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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 page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising	
22	Grants and allocations (attach schedule) (cash \$ 0 noncash \$ 0)	22	0	0		
23	Specific assistance to individuals (attach schedule)	23	0			
24	Benefits paid to or for members (attach schedule)	24	0			
25	Compensation of officers, directors, etc.	25	181,424	0	181,424	
26	Other salaries and wages	26	1,063,191	871,230	191,961	
27	Pension plan contributions	27	0			
28	Other employee benefits	28	0			
29	Payroll taxes	29	111,582	78,107	33,475	
30	Professional fundraising fees	30	0			
31	Accounting fees	31	0			
32	Legal fees	32	0			
33	Supplies	33	0			
34	Telephone	34	53,673	26,836	26,837	
35	Postage and shipping	35	12,138	12,138		
36	Occupancy	36	42,466	42,466		
37	Equipment rental and maintenance	37	15,524	15,524		
38	Printing and publications	38	7,128	7,128		
39	Travel	39	0			
40	Conferences, conventions, and meetings	40	0			
41	Interest	41	104,178	104,178		
42	Depreciation, depletion, etc. (attach schedule)	42	69,406	69,406		
43	Other expenses not covered above (itemize): a	43a	0			
	b SEE STM-OTHER EXPENSES PROGRAM SERVICES	43b	1,279,659	1,279,659		
	c SEE STM-OTHER EXPENSES MGNT & GENERAL	43c	169,476		169,476	
	d	43d	0			
	e	43e	0			
	f	43f	0			
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13—15	44	3,109,845	2,506,672	603,173	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 \$ 0; (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 page 25 of the instructions.)

What is the organization's primary exempt purpose? DRUG REHABILITATION SERVICES	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a DRUG REHABILITATION SERVICES WERE PROVIDED TO INDIVIDUALS FOR A TOTAL OF 158,500 HOURS OF DRUG REHAB & LIFE SKILLS. DRUG-FREE LECTURES WERE DELIVERED TO 796 STUDENTS AT PUBLIC SCHOOLS. (Grants and allocations \$)	2,506,672
b (Grants and allocations \$)	
c (Grants and allocations \$)	
d (Grants and allocations \$)	
e Other program services (attach schedule) (Grants and allocations \$)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	2,506,672

Part IV Balance Sheets (See page 25 of 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
45	Cash—non-interest-bearing	151,727	140,733
46	Savings and temporary cash investments		
47 a	Accounts receivable	0	
b	Less: allowance for doubtful accounts	0	0
48 a	Pledges receivable	0	
b	Less: allowance for doubtful accounts	0	0
49	Grants receivable		
50	Receivables from officers, directors, trustees, and key employees (attach schedule)	0	0
51 a	Other notes and loans receivable (attach schedule)	0	
b	Less: allowance for doubtful accounts	0	0
52	Inventories for sale or use	10,157	6,003
53	Prepaid expenses and deferred charges		
54	Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV	0	0
55 a	Investments—land, buildings, and equipment: basis	0	
b	Less: accumulated depreciation (attach schedule)	0	0
56	Investments—other (attach schedule)	0	0
57 a	Land, buildings, and equipment: basis	1,858,787	
b	Less: accumulated depreciation (attach schedule)	249,426	1,609,361
58	Other assets (describe <input type="checkbox"/> See attached worksheet)	59,606	62,213
59	Total assets (add lines 45 through 58) (must equal line 74)	1,878,857	1,818,310
60	Accounts payable and accrued expenses		
61	Grants payable		
62	Deferred revenue		
63	Loans from officers, directors, trustees, and key employees (attach schedule)	0	0
64 a	Tax-exempt bond liabilities (attach schedule)	0	0
b	Mortgages and other notes payable (attach schedule)	1,710,915	1,532,534
65	Other liabilities (describe <input type="checkbox"/> See attached worksheet)	61,672	99,575
66	Total liabilities (add lines 60 through 65)	1,772,587	1,632,109
	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
67	Unrestricted	106,270	186,201
68	Temporarily restricted		
69	Permanently restricted		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.		
70	Capital stock, trust principal, or current funds		
71	Paid-in or capital surplus, or land, building, and equipment fund		
72	Retained earnings, endowment, accumulated income, or other funds		
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)	106,270	186,201
74	Total liabilities and net assets / fund balances (add lines 66 and 73)	1,878,857	1,818,310

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 (See page 27 of the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	3,225,974
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	0
c	Line a minus line b	c	3,225,974
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):		
	TOYOTA NET LOSS \$ -8,807		
	COST OF GOODS SOLD \$ -27,391		
	Add amounts on lines (1) and (2)	d	-36,198
e	Total revenue per line 12, Form 990 (line c plus line d)	e	3,189,776

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

a	Total expenses and losses per audited financial statements	a	3,146,043
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):		
	TOYOTA NET LOSS \$ 8,807		
	COST OF GOODS SOLD \$ 27,391		
	Add amounts on lines (1) through (4)	b	36,198
c	Line a minus line b	c	3,109,845
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	0
e	Total expenses per line 17, Form 990 (line c plus line d)	e	3,109,845

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see page 27 of 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	(E) Expense account and other allowances
Name Daniel Manson Str 262 Gaffey Road City Watsonville ST CA ZIP 95076	Title EXEC. DIR. Hr/WK 40 HRS	100,008	0	0
Name Chuck Koch Str 18327 Christeph Dr City Morgan Hill ST CA ZIP 95037	Title DIRECTOR Hr/WK 1 HRS	3,005	0	0
Name Jerry Nemier Str 2934 Bresso Drive City Livermore ST CA ZIP 94550	Title DIRECTOR Hr/WK 0 HRS	0	0	0
Name Marc Torres Str 18889 W. Cavendas City Castro Valley ST CA ZIP 94552	Title DIRECTOR Hr/WK 0 HRS	0	0	0
Name David Puliafico Str 1630 Tennant Ave City Morgan Hill ST CA ZIP 95037	Title DIRECTOR Hr/WK 0 HRS	0	0	0
Name Eugene Moore Str 7849 W Manchester City Playa Del Rey ST CA ZIP 90293	Title DIRECTOR Hr/WK 0 HRS	0	0	0
Name Angie Manson Str 262 Gaffey Road City Watsonville ST CA ZIP 95076	Title DEPUTY ED Hr/WK 40 HRS	78,411	0	0
Name ----- Str ----- City ----- ST ----- ZIP -----	Title ----- Hr/WK -----			
Name ----- Str ----- City ----- ST ----- ZIP -----	Title ----- Hr/WK -----			
Name ----- Str ----- City ----- ST ----- ZIP -----	Title ----- Hr/WK -----			

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? ☐ Yes ☒ No
If "Yes," attach schedule—see page 28 of the instructions.

Part VI Other Information (See page 28 of the instructions.)

	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?	78b	N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If "Yes," enter the name of the organization ▶ _____ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81 a Enter direct and indirect political expenditures. See line 81 instructions 81a 0		
b Did the organization file Form 1120-POL for this year?	81b	X
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?	85b	N/A
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 N/A		
d Section 162(e) lobbying and political expenditures 85d N/A		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A		
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86a N/A		
b Gross receipts, included on line 12, for public use of club facilities 86b N/A		
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a N/A		
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b N/A		
88 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) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0		
d Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0		
90 a List the states with which a copy of this return is filed ▶ CA		
b Number of employees employed in the pay period that includes March 12, 2004 (See instructions.) 90b 32		
91 The books are in care of ▶ Name ANGIE MANSON Telephone no. ▶ 1-800-556-8885 Located at ▶ 262 GAFFEY ROAD City WATSONVILLE ST CA ZIP + 4 ▶ 95076-9731		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041— Check here ▶ <input type="checkbox"/> 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 33 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 REHABILITATION SERVICES					3,081,564
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	12	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property			01	5,400	
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			01	-8,807	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					46,735
103 Other revenue: a COMMISSIONS			01		
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		-3,395	3,128,299
105 Total (add line 104, columns (B), (D), and (E))					3,124,904

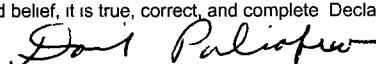
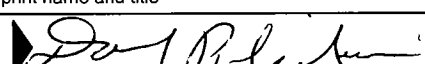
Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See page 34 of the instructions.)

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).
93A	REVENUE FROM DRUG REHABILITATION SERVICES THESE SERVICES ARE THE PRIMARY REASON FOR EXEMPTION.
102	REVENUE FROM SALES OF DRUG REHAB & LIFE SKILLS MATERIALS AS PART OF NARCONON'S SERVICES

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 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	%		0	0
	%		0	0
	%		0	0
	%		0	0

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 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), file Form 8870 and Form 4720 (see instructions)

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature of officer 		Date 10/31/05	
Paid Preparer's Use Only	Type or print name and title DAVID PULIAFICO, TRUSTEE			
	Preparer's signature 	Date 10/31/2005	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. W)
Firm's name (or yours if self-employed), address, and ZIP + 4 DAVID PULIAFICO INC 1630 TENNANT AVE, MORGAN HILL, CA 95037-9564		EIN 408-778-1345		

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.)**

OMB No 1545-0047

2004▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

NARCONON OF NORTHERN CALIFORNIA

Employer identification number

77-0275827

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

(See page 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
Name TATSUYA SAKAMOTO Str 3912 PORTOLA DRIVE #207 City SANTA CRUZ ST CA Zip 95062 Country USA	Title SN. DIR. PUBLICA Avg hr/wk 40	62,807		
Name STACEY PAYNE Str 5760 FARRISH ROAD City PLACERVILLE ST CA Zip 95667 Country USA	Title SN. DIR. EXPANS Avg hr/wk 40	55,433		
Name MICHAEL DIPALMA Str 137 MARINA AVE #B City APTOS ST CA Zip 95003 Country USA	Title REGISTRAR Avg hr/wk 40	63,120		
Name DANA REBASTI Str 262 GAFFEY ROAD City WATSONVILLE ST CA Zip 95076 Country USA	Title REGISTRAR Avg hr/wk 40	61,665		
Name ELEANOR JOURDAIN Str 262 GAFFEY ROAD City WATSONVILLE ST CA Zip 95076 Country USA	Title R/N-HLO Avg hr/wk 40	56,189		
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
Name LOGAN FORCEY III Check here if a business <input type="checkbox"/> Str 1026 N HELIOTROPE DRIVE City HOLLYWOOD ST CA ZIP 90029 Country USA	CASE SUPERVISOR	59,813
Name FRANK MONTERO Check here if a business <input type="checkbox"/> Str 3106 HERMITAGE ROAD City PEBBLE BEACH ST CA ZIP 93953 Country USA	INTELLECTUAL PROPERTY	200,800
Name Check here if a business <input type="checkbox"/> Str City ST ZIP Country		
Name Check here if a business <input type="checkbox"/> Str City ST ZIP Country		
Name Check here if a business <input type="checkbox"/> Str City ST ZIP Country		
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 ► \$ <u>0</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)		X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
a Sale, exchange, or leasing of property? SEE STATEMENT 1	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 a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)		X
b Do you have a section 403(b) annuity plan for your employees?		X
4 a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 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 ► _____ City _____ ST _____ Country _____
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11 a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11 b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and 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) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	39,109	46,839	21,328	27,748	135,024
16 Membership fees received					0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	3,361,097	1,941,075	1,503,441	1,267,914	8,073,527
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	157	546	1,339	157	2,199
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.	906	6,057			6,963
23 Total of lines 15 through 22	3,401,269	1,994,517	1,526,108	1,295,819	8,217,713
24 Line 23 minus line 17	40,172	53,442	22,667	27,905	144,186
25 Enter 1% of line 23	34,013	19,945	15,261	12,958	
26 Organizations described on lines 10 or 11:					
a Enter 2% of amount in column (e), line 24					2,884
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 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.					45,007
c Total support for section 509(a)(1) test. Enter line 24, column (e)					144,186
d Add: Amounts from column (e) for lines:					
18 2,199					
19 0					
22 6,963					
26b 45,007					
e Public support (line 26c minus line 26d total)					90,017
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					62.43%
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:					
(2003) (2002) (2001) (2000)					
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:					
(2003) (2002) (2001) (2000)					
c Add: Amounts from column (e) for lines:					
15 0					
16 0					
17 0					
20 0					
21 0					
d Add: Line 27a total and line 27b total					0
e Public support (line 27c total minus line 27d total)					0
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)					0
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					0.00%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					0.00%
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, 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.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement)	31	
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34 a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 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 groupCheck ☐ **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														
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37														
38	Total lobbying expenditures (add lines 36 and 37)	38	0	0												
39	Other exempt purpose expenditures	39														
40	Total exempt purpose expenditures (add lines 38 and 39)	40	0	0												
41	Lobbying nontaxable amount. Enter the amount from the following table—															
	<table><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	41	0	0
If the amount on line 40 is—	The lobbying nontaxable amount is—															
Not over \$500,000	20% of the amount on line 40															
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000															
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000															
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000															
Over \$17,000,000	\$1,000,000															
42	Grassroots nontaxable amount (enter 25% of line 41)	42	0	0												
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	0	0												
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	0	0												

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720**4-Year Averaging Period Under Section 501(h)**

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

See the instructions for lines 45 through 50 on page 11 of the instructions.)

		Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in)		(a) 2004	(b) 2003	(c) 2002	(d) 2001	(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

- a Volunteers
- b Paid staff or management (Include compensation in expenses reported on lines c through h.)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (Add lines c through h.)

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

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

TAX YEAR: 12/31/04

Line 1a (990) - Direct public support

1	Contributions	1	57,288
2	Non Cash Contributions	2	7,584
3	Membership dues and assessments (contributions from the public)	3	
4	Government contributions (grants)	4	
5	Commercial co-venture	5	
6	Special events contributions (Line 9 - Special Events)	6	0
7	7	
8	8	
9	9	
10	Total	10	64,872

Line 8 (990) - Gain/loss from sale of assets other than inventory

Totals:												
Public Securities												
Non-Public Securities												
Other sales												
Index	Description	Check if gain/loss is from sale of public securities	Check if gain/loss is from sale of non public securities	Check if purchaser is a business	Purchaser	Date acquired	Acquisition method	Date sold	Gross sales price	Cost or other basis (Enter one field only)		Expense of sale and cost of improvements
										Cost	Donated value	
1	TOYOTA TUNDRA			X	GOLD STAR MOTORS	4/28/2003	PURCHASE	5/20/2004	20,000	20,000	28,807	
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
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14												
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16												
17												
18												
19												
20												

To add more lines to this schedule, press CTRL+Q.

NARCONON OF NORTHERN CALIFORNIA

77-0275827

REF: FORM 990 (2004) PART I LINE 10A, B & C

GROSS SALES OF BOOKS & PUBLICATIONS	74126
LESS COST OF BOOKS & PUBLICATIONS SOLD	<u>27391</u>
GROSS PROFIT FROM SALE OF INVENTORY	46735
	=====

TAX YEAR: 12/31/04

STATEMENT OTHER EXPENSE-FORM 990 LINE 43 PROGRAM SERVICES		Total:	1,279,659
1	ADVERTISING AND PROMOTION	1	248,747
2	CLEANING AND LAUNDRY	2	4,450
3	COMMISSIONS	3	56,032
4	COURSE MATERIALS	4	1,158
5	PROGRAM FOOD EXPENSE	5	147,970
6	INSURANCE EXPENSE	6	124,199
7	UTILITES EXPENSE	7	25,289
8	MEDICAL SERVICES AND SUPPLIES	8	58,626
9	MERCHANT AND BANK FEES	9	50,049
10	PROFESSIONAL FEES	10	171,376
11	REPAIRS AND MAINTENANCE	11	40,237
12	TRADEMARK FEES	12	293,179
13	TRAVEL EXPENSE	13	49,957
14	OTHER EXPENSE	14	400
15	STAFF TRAINING	15	7,990
16		16	
17		17	
18		18	
19		19	
20		20	
21		21	
22		22	
23		23	
24		24	
25		25	

STATEMENT OTHER EXPENSES - FORM 990 LINE 43 MGMT & GEN

Total:

169,476

1	CONTRIBUTIONS	1	150
2	LEGAL AND ACCOUNTING	2	72,602
3	INSURANCE EXPENSE	3	53,228
4	OFFICE SUPPLIES	4	16,790
5	TAXES AND LICENSE	5	1,416
6	UTILITES EXPENSE	6	25,290
7		7	
8		8	
9		9	
10		10	
11		11	
12		12	
13		13	
14		14	
15		15	
16		16	
17		17	
18		18	
19		19	
20		20	
21		21	
22		22	
23		23	
24		24	
25		25	

TAX YEAR: 12/31/04

Line 57 (990) - Land, buildings, and equipment

Land (net of any amortization)		Land (net of any amortization)	
		Beginning	End
1 LAND	1	577,752	577,752
2	2		
3	3		
4	4		
5	5		
6 Total land (net of any amortization)	6	577,752	577,752

Buildings and equipment		Buildings and equipment		Accumulated depreciation	
		Beginning	End	Beginning	End
7 BUILDING AND IMPROVEMENTS	7	1,018,670	1,042,911		
8 EQUIPMENT	8	110,687	117,894		
9 FURNITURE & FIXTURES	9	87,216	93,039		
10 VEHICLES	10	43,062	27,191		
11	11				
12 TOTAL OF ALL ABOVE SEE ATTACHED	12			180,020	249,426
13	13				
14	14				
15	15				
16	16				
17 Total buildings and equipment	17	1,259,635	1,281,035	180,020	249,426
18 Buildings and equipment (less accumulated depreciation)	18			1,079,615	1,031,609
19 Total land, buildings and equipment	19			1,657,367	1,609,361

Category or Item		Cost/Other Basis	Accumulated Depreciation	Book Value
1	1			
2	2			
3	3			
4	4			
5	5			
6	6			
7	7			
8	8			
9	9			
10	10			
11 Total	11	0	0	0

Assets by Classification

NARCONON OF NORTHERN CALIFORNIA

77-0275827

TAX YEAR: 12/31/04

Item No	Description of Property	Date Placed In Service	Asset Code	Bus. Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Prior Accum Deprec, 179, Bonus	2004 Deprec	2004 Accum. Deprec.
3-yr Computer software (qualified 179 property)														
	SOFTWARE	4/29/2002	F-1	100.00%	349	0	0	349	3	SL/GDS	MM	194	116	310
	SOFTWARE DONATE	6/26/2002	F-1	100.00%	500	0	0	500	3	SL/GDS	MM	250	167	417
Total: 3-yr Software (qual 179 property)					849	0	0	849				444	283	727
5-yr														
	FAX PHONE	2/1/1996	F-6	100.00%	272	0	0	272	5	SL/GDS	HY	272	0	272
	STAIR STEPPERS	4/27/1996	F-6	100.00%	200	0	0	200	5	SL/GDS	HY	200	0	200
	CHAIR	5/30/1997	F-6	100.00%	173	0	0	173	7	SL/GDS	HY	162	11	173
	SAFE	6/24/1997	F-6	100.00%	175	0	0	175	5	SL/GDS	HY	160	0	160
	MATERIALS FOR NEI	6/28/1997	F-6	100.00%	1,622	0	0	1,622	5	SL/GDS	HY	1,620	0	1,620
	LIGHTS FOR COURS	7/1/1997	F-6	100.00%	128	0	0	128	5	SL/GDS	HY	125	0	125
	USED JEMINI COMPI	1/10/1998	F-6	100.00%	800	0	0	800	5	SL/GDS	HY	800	0	800
	MEMORY UPGRADEI	2/16/1998	F-6	100.00%	173	0	0	173	5	SL/GDS	HY	173	0	173
	LASERJET PRINTER	2/18/1998	F-6	100.00%	452	0	0	452	5	SL/GDS	HY	452	0	452
	PAPER FOLDER	4/3/1998	F-6	100.00%	540	0	0	540	5	SL/GDS	HY	540	0	540
	ZIP DRIVE	4/30/1998	F-6	100.00%	162	0	0	162	5	SL/GDS	HY	162	0	162
	TELEPHONE	10/26/1998	F-6	100.00%	480	0	0	480	5	SL/GDS	HY	448	0	448
	SAUNA	2/28/1999	F-6	100.00%	4,524	0	0	4,524	7	SL/GDS	HY	3,150	646	3,796
	SAUNA HEATER	2/28/1999	F-6	100.00%	1,392	0	0	1,392	7	SL/GDS	HY	970	199	1,169
	PAPER FOLDER	3/11/1999	F-6	100.00%	714	0	0	714	7	SL/GDS	HY	497	102	599
	MODEM	4/12/1999	F-6	100.00%	108	0	0	108	5	SL/GDS	HY	108	0	108
	3 COMPUTERS	8/2/1999	F-6	100.00%	3,075	0	0	3,075	7	SL/GDS	HY	1,921	439	2,360
	PHONE LINES	9/5/1999	F-6	100.00%	3,292	0	0	3,292	7	SL/GDS	HY	2,056	470	2,526
	LAPTOP	9/19/2000	F-6	100.00%	1,080	0	0	1,080	5	SL/GDS	HY	756	216	972
	FREEZER	9/22/2000	F-6	100.00%	620	0	0	620	5	SL/GDS	HY	434	124	558
	TOILET & HEATER	1/30/2001	F-6	100.00%	685	0	0	685	7	SL/GDS	HY	294	98	392
	MIXER FOR KITCHEN	2/21/2001	F-6	100.00%	245	0	0	245	7	SL/GDS	HY	105	35	140
	TOILET	2/23/2001	F-6	100.00%	290	0	0	290	7	SL/GDS	HY	123	41	164
	FURNACE REPAIR	3/15/2001	F-6	100.00%	1,038	0	0	1,038	7	SL/GDS	HY	444	148	592
	COMPUTER/MONITO	5/30/2001	F-6	100.00%	1,030	0	0	1,030	5	SL/GDS	HY	559	206	765
	COMPUTER	7/25/2001	F-6	100.00%	1,418	0	0	1,418	5	SL/GDS	HY	771	284	1,055
	LASER PRINTER	7/27/2001	F-6	100.00%	1,469	0	0	1,469	5	SL/GDS	HY	798	294	1,092
	PARTITIONS	8/1/2001	F-6	100.00%	1,054	0	0	1,054	7	SL/GDS	HY	453	151	604
	LATERAL FILE CABIN	10/3/2001	F-6	100.00%	240	0	0	240	5	SL/GDS	HY	130	48	178
	COMPUTER/MONITO	10/11/2001	F-6	100.00%	1,378	0	0	1,378	5	SL/GDS	HY	749	276	1,025
	VACCUUM CLEANER	12/20/2001	F-6	100.00%	200	0	0	200	7	SL/GDS	HY	87	29	116
	WATER HEATER	12/20/2001	F-6	100.00%	180	0	0	180	7	SL/GDS	HY	78	26	104
	DRILL, SCRAPER BLI	12/20/2001	F-6	100.00%	136	0	0	136	7	SL/GDS	HY	57	19	76
	COMPUTER	6/12/2002	F-6	100.00%	756	0	0	756	5	SL/GDS	MM	233	151	384
	FAX MACHINE	6/25/2002	F-6	100.00%	200	0	0	200	5	SL/GDS	HY	60	40	100
	WATER HEATER	7/1/2002	F-6	100.00%	2,137	0	0	2,137	5	SL/GDS	HY	641	427	1,068

Assets by Classification

NARCONON OF NORTHERN CALIFORNIA

77-0275827

TAX YEAR: 12/31/04

Item No	Description of Property	Date Placed In Service	Asset Code	Bus Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Prior Accum Deprec., 179 Bonus	2004 Deprec.	2004 Accum. Deprec.
	REFRIGERATOR	7/3/2002	F-6	100.00%	216	0	0	216	5	SL/GDS	HY	65	43	108
	LABEL MACHINE	8/28/2002	F-6	100.00%	1,285	0	0	1,285	5	SL/GDS	MM	343	257	600
	WASHER/DRYER	9/3/2002	F-6	100.00%	1,633	0	0	1,633	5	SL/GDS	FM	436	327	763
	ICE MACHINE	9/26/2002	F-6	100.00%	995	0	0	995	5	SL/GDS	MM	257	199	456
	LAPTOP	10/2/2002	F-6	100.00%	2,332	0	0	2,332	5	SL/GDS	FM	583	466	1,049
	GENERATOR	12/16/2002	F-6	100.00%	699	0	0	699	5	SL/GDS	MM	146	140	286
	CELL PHONE	12/26/2002	F-6	100.00%	348	0	0	348	5	SL/GDS	MM	70	70	140
	WASHER/ DRYER DC	12/31/2002	F-6	100.00%	900	0	0	900	5	SL/GDS	MM	180	180	360
	REFRIGERATOR	12/31/2002	F-6	100.00%	648	0	0	648	5	SL/GDS	MM	130	130	260
	MOWER	12/31/2002	F-6	100.00%	237	0	0	237	5	SL/GDS	MM	47	47	94
	FREEZER	12/31/2002	F-6	100.00%	600	0	0	600	5	SL/GDS	MM	120	120	240
	GENERATOR	1/13/2003	F-6	100.00%	875	0	0	875	5	SL/GDS	HY	88	175	263
	2 NEW PHONES ANC	2/3/2003	F-6	100.00%	1,667	0	0	1,667	5	SL/GDS	HY	167	333	500
	SEARS FREEZER	2/3/2003	F-6	100.00%	703	0	0	703	5	SL/GDS	HY	70	141	211
	TOLIT	2/10/2003	F-6	100.00%	120	0	0	120	5	SL/GDS	HY	12	24	36
	WALK IN REFRIGER/	2/18/2003	F-6	100.00%	6,284	0	0	6,284	5	SL/GDS	HY	628	1,257	1,885
	HOT WATER HEATE	2/24/2003	F-6	100.00%	895	0	0	895	5	SL/GDS	HY	90	179	269
	SCALE FOR SAUNA	2/24/2003	F-6	100.00%	282	0	0	282	5	SL/GDS	HY	28	56	84
	NAUTILUS SYSTEM	2/24/2003	F-6	100.00%	341	0	0	341	5	SL/GDS	HY	34	68	102
	ASSIST TABLE	2/24/2003	F-6	100.00%	348	0	0	348	5	SL/GDS	HY	35	70	105
	FAX MACHINE	2/24/2003	F-6	100.00%	150	0	0	150	5	SL/GDS	HY	15	30	45
	BREATHALIZER	2/24/2003	F-6	100.00%	562	0	0	562	5	SL/GDS	HY	56	112	168
	CHECK BY FAX PRO	2/24/2003	F-6	100.00%	188	0	0	188	5	SL/GDS	HY	19	38	57
	3 DESKTOPS AND 1	3/3/2003	F-6	100.00%	6,534	0	0	6,534	5	SL/GDS	HY	653	1,307	1,960
	WASHER SEARS	3/10/2003	F-6	100.00%	390	0	0	390	5	SL/GDS	HY	39	78	117
	MOWER	3/10/2003	F-6	100.00%	97	0	0	97	5	SL/GDS	HY	10	19	29
	BB HOOP	3/17/2003	F-6	100.00%	120	0	0	120	5	SL/GDS	HY	12	24	36
	PRINTER	3/25/2003	F-6	100.00%	115	0	0	115	5	SL/GDS	HY	12	23	35
	PHONE ANSWERING	3/25/2003	F-6	100.00%	130	0	0	130	5	SL/GDS	HY	13	26	39
	40 GALLON PROPAN	4/14/2003	F-6	100.00%	250	0	0	250	5	SL/GDS	HY	25	50	75
	TREADMILL	4/22/2003	F-6	100.00%	1,061	0	0	1,061	5	SL/GDS	HY	106	212	318
	NEW OVENS	4/28/2003	F-6	100.00%	4,841	0	0	4,841	5	SL/GDS	HY	484	968	1,452
	LAPTOP	4/28/2003	F-6	100.00%	2,933	0	0	2,933	5	SL/GDS	HY	293	587	880
	HIGH SPEED INTERN	5/22/2003	F-6	100.00%	140	0	0	140	5	SL/GDS	HY	14	28	42
	2 TOSHIBA PHONES	5/27/2003	F-6	100.00%	380	0	0	380	5	SL/GDS	HY	38	76	114
	DESKTOP	6/2/2003	F-6	100.00%	1,241	0	0	1,241	5	SL/GDS	HY	124	248	372
	2 ASSIST TABLES	6/6/2003	F-6	100.00%	691	0	0	691	5	SL/GDS	HY	69	138	207
	DINING TABLE	6/6/2003	F-6	100.00%	1,067	0	0	1,067	5	SL/GDS	HY	107	213	320
	2 DESKTOP COMPUT	6/6/2003	F-6	100.00%	1,394	0	0	1,394	5	SL/GDS	HY	139	279	418
	FREEZER	6/12/2003	F-6	100.00%	269	0	0	269	5	SL/GDS	HY	27	54	81
	STORAGE CONTAINI	6/24/2003	F-6	100.00%	585	0	0	585	5	SL/GDS	HY	59	117	176
	GRILL	6/24/2003	F-6	100.00%	200	0	0	200	5	SL/GDS	HY	20	40	60

Assets by Classification

NARCONON OF NORTHERN CALIFORNIA

77-0275827

TAX YEAR: 12/31/04

Item No.	Description of Property	Date Placed In Service	Asset Code	Bus. Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Prior Accum Deprec., 179, Bonus	2004 Deprec.	2004 Accum Deprec.
	WORK OUT BENCH	6/24/2003	F-6	100.00%	408	0	0	408	5	SL/GDS	HY	41	82	123
	MOWER TRIMMER B	6/24/2003	F-6	100.00%	468	0	0	468	5	SL/GDS	HY	47	94	141
	SECURITY	6/30/2003	F-6	100.00%	130	0	0	130	5	SL/GDS	HY	13	26	39
	2 LAPTOPS	6/30/2003	F-6	100.00%	5,583	0	0	5,583	5	SL/GDS	HY	558	1,117	1,675
	INDUSTRIAL WASHE	7/8/2003	F-6	100.00%	549	0	0	549	5	SL/GDS	HY	55	110	165
	REACH IN REFRIG	7/8/2003	F-6	100.00%	1,450	0	0	1,450	5	SL/GDS	HY	145	290	435
	2 DRIERS SEARS	7/8/2003	F-6	100.00%	713	0	0	713	5	SL/GDS	HY	71	143	214
	EMACHINE COMPUT	7/8/2003	F-6	100.00%	680	0	0	680	5	SL/GDS	HY	68	136	204
	COMPUTER COMPAC	7/9/2003	F-6	100.00%	900	0	0	900	5	SL/GDS	HY	90	180	270
	PORTABLE AC	8/5/2003	F-6	100.00%	167	0	0	167	5	SL/GDS	HY	17	33	50
	WEIGHTS	8/11/2003	F-6	100.00%	176	0	0	176	5	SL/GDS	HY	18	35	53
	INDUSTRIAL STACKI	8/18/2003	F-6	100.00%	1,280	0	0	1,280	5	SL/GDS	HY	128	256	384
	WEDEATER	8/25/2003	F-6	100.00%	124	0	0	124	5	SL/GDS	HY	12	25	37
	TV FOR STUDENT LC	8/25/2003	F-6	100.00%	648	0	0	648	5	SL/GDS	HY	65	130	195
	RAMP WHEEL	8/25/2003	F-6	100.00%	398	0	0	398	5	SL/GDS	HY	40	80	120
	FAX AND PHONE	8/25/2003	F-6	100.00%	312	0	0	312	5	SL/GDS	HY	31	62	93
	CENTRAL AIR	8/26/2003	F-6	100.00%	2,938	0	0	2,938	5	SL/GDS	HY	294	588	882
	ELECTRONICS UP	9/2/2003	F-6	100.00%	1,476	0	0	1,476	5	SL/GDS	HY	148	295	443
	NEW SAUNA	9/12/2003	F-6	100.00%	11,986	0	0	11,986	5	SL/GDS	HY	1,199	2,397	3,596
	SHREDDERS	9/26/2003	F-6	100.00%	315	0	0	315	5	SL/GDS	HY	32	63	95
	2 WATER HEATERS	10/20/2003	F-6	100.00%	355	0	0	355	5	SL/GDS	HY	36	71	107
	COMM CENTER	11/3/2003	F-6	100.00%	263	0	0	263	5	SL/GDS	HY	26	53	79
	WEDEATER	11/10/2003	F-6	100.00%	105	0	0	105	5	SL/GDS	HY	11	21	32
	4 OUTLETS	11/14/2003	F-6	100.00%	1,230	0	0	1,230	5	SL/GDS	HY	123	246	369
	SAFE	1/20/2004	F-6	100.00%	969	0	0	969	5	SL/GDS	HY	97	97	97
	TABLE SAW	2/23/2004	F-6	100.00%	200	0	0	200	5	SL/GDS	HY	20	20	20
	WATER HEATER	3/22/2004	F-6	100.00%	280	0	0	280	5	SL/GDS	HY	28	28	28
	SURVELLEILLANCE	3/22/2004	F-6	100.00%	240	0	0	240	5	SL/GDS	HY	24	24	24
	MEAT SLICER	3/26/2004	F-6	100.00%	1,000	0	0	1,000	5	SL/GDS	HY	100	100	100
	REFRIGERATOR	4/5/2004	F-6	100.00%	477	0	0	477	5	SL/GDS	HY	48	48	48
	TREADMILL	4/26/2004	F-6	100.00%	183	0	0	183	5	SL/GDS	HY	18	18	18
	VANITY & BATH TUB	10/1/2004	F-6	100.00%	2,380	0	0	2,380	5	SL/GDS	HY	238	238	238
	GARBAGE DISPOSAL	11/5/2004	F-6	100.00%	624	0	0	624	5	SL/GDS	HY	62	62	62
	INDUSTRIAL WASHE	11/30/2004	F-6	100.00%	324	0	0	324	5	SL/GDS	HY	32	32	32
	STAIR STEPPER	12/15/2004	F-6	100.00%	530	0	0	530	5	SL/GDS	HY	53	53	53
Total: 5-yr Office mach (data handling)					117,045	0	0	117,045						
												29,719	20,682	50,401

7-yr General purpose tools, machinery, and equipment

FURNITURE & EQUIP	1/1/1995	F-10	100.00%	1,027	0	0	1,027	5	SL/GDS	HY		1,027	0	1,027
FURNITURE & EQUIP	1/1/1995	F-10	100.00%	1,845	0	0	1,845	5	SL/GDS	HY		1,845	0	1,845
STAIR STEPPERS	5/20/1996	F-10	100.00%	400	0	0	400	5	SL/GDS	HY		400	0	400
BED & FRAME	3/3/1997	F-10	100.00%	127	0	0	127	7	SL/GDS	HY		117	9	126

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TAX YEAR: 12/31/04

Item No.	Description of Property	Date Placed In Service	Asset Code	Bus. Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Phor Accum Deprec. 179 Bonus	2004 Deprec.	2004 Accum. Deprec
BED & FRAMES		3/5/1997	F-10	100.00%	154	0	0	154	7	SL/GDS	HY	142	11	153
2 BEDS & FRAMES		4/29/1997	F-10	100.00%	268	0	0	268	7	SL/GDS	HY	247	19	266
FRAMES FOR BEDS		6/30/1997	F-10	100.00%	108	0	0	108	7	SL/GDS	HY	98	8	106
BEDS		6/30/1997	F-10	100.00%	167	0	0	167	7	SL/GDS	HY	156	11	167
FURNITURE NEW CC		7/10/1997	F-10	100.00%	683	0	0	683	7	SL/GDS	HY	636	47	683
OFFICE FURNITURE		1/28/1998	F-10	100.00%	3,500	0	0	3,500	7	SL/GDS	HY	2,958	500	3,458
OFFICE FURNITURE		6/2/1999	F-10	100.00%	2,639	0	0	2,639	7	SL/GDS	HY	1,744	377	2,121
MISC. FURNITURE		7/1/2000	F-10	100.00%	3,946	0	0	3,946	7	SL/GDS	HY	1,974	564	2,538
CABINET		11/2/2000	F-10	100.00%	502	0	0	502	5	SL/GDS	HY	350	100	450
3 MATTRESS SETS		1/5/2001	F-10	100.00%	324	0	0	324	7	SL/GDS	HY	138	46	184
PATIO FURNITURE		3/22/2001	F-10	100.00%	1,159	0	0	1,159	7	SL/GDS	HY	498	166	664
BUNK BEDS		4/4/2001	F-10	100.00%	1,026	0	0	1,026	7	SL/GDS	HY	441	147	588
2 BOX STRINGS/MAT		5/9/2001	F-10	100.00%	203	0	0	203	7	SL/GDS	HY	87	29	116
OFFICE CHAIR		5/30/2001	F-10	100.00%	149	0	0	149	7	SL/GDS	HY	63	21	84
OFFICE CHAIR		8/1/2001	F-10	100.00%	249	0	0	249	7	SL/GDS	HY	108	36	144
FURNISHINGS FOR E		8/14/2001	F-10	100.00%	288	0	0	288	7	SL/GDS	HY	123	41	164
DRIER		8/15/2001	F-10	100.00%	592	0	0	592	7	SL/GDS	HY	255	85	340
BEDS		8/27/2001	F-10	100.00%	1,054	0	0	1,054	7	SL/GDS	HY	453	151	604
SAFE		10/3/2001	F-10	100.00%	119	0	0	119	7	SL/GDS	HY	51	17	68
DESKS		10/17/2001	F-10	100.00%	592	0	0	592	7	SL/GDS	HY	255	85	340
BEDS		10/19/2001	F-10	100.00%	398	0	0	398	7	SL/GDS	HY	171	57	228
DRESSERS		10/31/2001	F-10	100.00%	347	0	0	347	7	SL/GDS	HY	150	50	200
BEDS		11/7/2001	F-10	100.00%	1,032	0	0	1,032	7	SL/GDS	HY	441	147	588
OFFICE CHAIR		11/8/2001	F-10	100.00%	130	0	0	130	7	SL/GDS	HY	57	19	76
LATERAL FILE CAB, I		12/5/2001	F-10	100.00%	372	0	0	372	7	SL/GDS	HY	159	53	212
FURNITURE VARIOU		7/1/2002	F-10	100.00%	18,198	0	0	18,198	7	SL/GDS	HY	3,900	2,600	6,500
2 VACUUMS		11/4/2002	F-10	100.00%	612	0	0	612	5	SL/GDS	MM	142	122	264
MICROWAVE DONAT		12/31/2002	F-10	100.00%	150	0	0	150	5	SL/GDS	MM	30	30	60
ENTERTAINMENT CE		12/31/2002	F-10	100.00%	219	0	0	219	7	SL/GDS	MM	31	31	62
FURNITURE		12/31/2002	F-10	100.00%	245	0	0	245	7	SL/GDS	MM	35	35	70
5 DRESSERS FOR S		1/3/2003	F-10	100.00%	415	0	0	415	7	SL/GDS	HY	30	59	89
BEDS		2/3/2003	F-10	100.00%	1,764	0	0	1,764	7	SL/GDS	HY	126	252	378
CARPETING		2/24/2003	F-10	100.00%	8,700	0	0	8,700	7	SL/GDS	HY	621	1,243	1,864
FILING CABINET ANI		2/24/2003	F-10	100.00%	150	0	0	150	7	SL/GDS	HY	11	21	32
BUNK BEDS		3/10/2003	F-10	100.00%	960	0	0	960	7	SL/GDS	HY	69	137	206
DINING TABLE AND C		3/17/2003	F-10	100.00%	107	0	0	107	7	SL/GDS	HY	8	15	23
COMPUTER DESK		3/25/2003	F-10	100.00%	108	0	0	108	7	SL/GDS	HY	8	15	23
2 COURSE ROOM TA		3/25/2003	F-10	100.00%	110	0	0	110	7	SL/GDS	HY	8	16	24
BEDS		3/27/2003	F-10	100.00%	497	0	0	497	7	SL/GDS	HY	36	71	107
BEDS		4/22/2003	F-10	100.00%	1,591	0	0	1,591	7	SL/GDS	HY	114	227	341
COFFEE TABLE AND		5/16/2003	F-10	100.00%	278	0	0	278	7	SL/GDS	HY	20	40	60
BEDS		5/22/2003	F-10	100.00%	322	0	0	322	7	SL/GDS	HY	23	46	69

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BEDS AND DRESSES		5/23/2003	F-10	100.00%	1,483	0	0	1,483	7	SL/GDS	HY	106	212	318
BEDS AND DRESSES		5/23/2003	F-10	100.00%	7,629	0	0	7,629	7	SL/GDS	HY	545	1,090	1,635
COURSE ROOM CHAIRS		5/27/2003	F-10	100.00%	357	0	0	357	7	SL/GDS	HY	26	51	77
2 DESKS		5/27/2003	F-10	100.00%	360	0	0	360	7	SL/GDS	HY	26	51	77
OFFICE CABINETS		5/27/2003	F-10	100.00%	205	0	0	205	7	SL/GDS	HY	15	29	44
STORAGE CABINET		5/27/2003	F-10	100.00%	257	0	0	257	7	SL/GDS	HY	18	37	55
OFFICE CHAIRS		5/27/2003	F-10	100.00%	150	0	0	150	7	SL/GDS	HY	11	21	32
BEDS		6/6/2003	F-10	100.00%	1,301	0	0	1,301	7	SL/GDS	HY	93	186	279
DRESSERS		6/24/2003	F-10	100.00%	393	0	0	393	7	SL/GDS	HY	28	56	84
DESKS AND LATERA		6/24/2003	F-10	100.00%	795	0	0	795	7	SL/GDS	HY	57	114	171
BEDS		6/24/2003	F-10	100.00%	365	0	0	365	7	SL/GDS	HY	26	52	78
OFFICE CHAIRS		6/24/2003	F-10	100.00%	240	0	0	240	7	SL/GDS	HY	17	34	51
OFFICE CHAIRS		6/30/2003	F-10	100.00%	1,837	0	0	1,837	7	SL/GDS	HY	131	262	393
3 DESKS		6/30/2003	F-10	100.00%	400	0	0	400	7	SL/GDS	HY	29	57	86
OFFICE CHAIRS		6/30/2003	F-10	100.00%	270	0	0	270	7	SL/GDS	HY	19	39	58
BOOKCASES		6/30/2003	F-10	100.00%	210	0	0	210	7	SL/GDS	HY	15	30	45
7 COURSE ROOM TABLES		6/30/2003	F-10	100.00%	500	0	0	500	7	SL/GDS	HY	36	71	107
FILING CABINETS		6/30/2003	F-10	100.00%	190	0	0	190	7	SL/GDS	HY	14	27	41
FAX MACHINE		6/30/2003	F-10	100.00%	130	0	0	130	7	SL/GDS	HY	9	19	28
15 OUTSIDE CHAIRS		7/1/2003	F-10	100.00%	117	0	0	117	7	SL/GDS	HY	8	17	25
FURNITURE		7/8/2003	F-10	100.00%	7,382	0	0	7,382	7	SL/GDS	HY	527	1,055	1,582
STORAGE CABINETS		7/28/2003	F-10	100.00%	350	0	0	350	7	SL/GDS	HY	25	50	75
2 DESKS AND 3 OFFICE CHAIRS		7/28/2003	F-10	100.00%	480	0	0	480	7	SL/GDS	HY	34	69	103
OFFICE CHAIR		8/5/2003	F-10	100.00%	108	0	0	108	7	SL/GDS	HY	8	15	23
TABLES AND FILES		8/25/2003	F-10	100.00%	475	0	0	475	7	SL/GDS	HY	34	68	102
CHAIRS FOR STAFF		8/25/2003	F-10	100.00%	262	0	0	262	7	SL/GDS	HY	19	37	56
DINING TABLE AND CHAIRS		8/25/2003	F-10	100.00%	685	0	0	685	7	SL/GDS	HY	49	98	147
DESK AND BOOKCASE		8/25/2003	F-10	100.00%	314	0	0	314	7	SL/GDS	HY	22	45	67
PATIO FURNITURE		9/21/2003	F-10	100.00%	1,350	0	0	1,350	7	SL/GDS	HY	96	193	289
5 DRAWER LATERAL		9/26/2003	F-10	100.00%	795	0	0	795	7	SL/GDS	HY	57	114	171
3 LATERAL FILES		3/8/2004	F-10	100.00%	370		0	370	7	SL/GDS	HY		26	26
BLINDS		3/25/2004	F-10	100.00%	385		0	385	7	SL/GDS	HY		28	28
BED & DRESSERS		4/14/2004	F-10	100.00%	3,383		0	3,383	7	SL/GDS	HY		242	242
RECEPTION FURNITURE		4/26/2004	F-10	100.00%	1,232		0	1,232	7	SL/GDS	HY		88	88
2 OFFICE CHAIRS		5/10/2004	F-10	100.00%	173		0	173	7	SL/GDS	HY		12	12
VACUUM - TV		5/17/2004	F-10	100.00%	280		0	280	7	SL/GDS	HY		20	20
Total: 7-yr Genl purp tools, mach, equip					93,039	0	0	93,039						
									22,456	12,371	34,827			

Land

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

15-yr Land improvements

TAX YEAR: 12/31/04

Amortization - 197 - Intangibles (goodwill, etc.)

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	APPRASAL FEE	11/2/2002	Z-9	100.00%	6,000	0	0	6,000	30 SL		FM	200	200	400
	NEW LOAN ESCROW	12/27/2002	Z-9	100.00%	15,124	0	0	15,124	30 SL		FM	504	504	1,008
	Total Amort - 197 - Intangible costs				21,124	0	0	21,124				704	704	1,408
					1,858,787	0	0	1,858,787				180,020	69,406	249,426

TAX YEAR: 12/31/04

Line 58 (990) - Other assets

		Beginning	End
1	WORKERS COMPENSATION INSURANCE DEPOSIT	1	3,7856,392
2	PERSONAL PROPERTY	2	5,9645,964
3	SECURITY DEPOSIT	3	12,55012,550
4	DEPOSIT - REAL ESTATE	4	31,30731,307
5	CONTRACTOR ADVANCE	5	6,0006,000
6		6	
7		7	
8		8	
9		9	
10		10	
11	Total other assets	11	59,60662,213

Line 64b (990) - Mortgages and other notes payable

Lender's name		Check if lender is a business	Balance due beginning of year	Balance due end of year
1	WELLS FARGO BANK	<input checked="" type="checkbox"/>	1,362,447	1,339,211
2	LONG TERM CONTRACT	<input type="checkbox"/>	322,100	171,300
3	GE CAPITAL	<input checked="" type="checkbox"/>	26,368	22,023
19	Totals	19	1,710,915	1,532,534

Line 65 (990) - Other liabilities

		Beginning	End
1	SALES TAX PAYABLE	1,702	1,095
2	CREDIT LINE PAYABLE	59,970	98,480
3			
4			
5			
6			
7			
8			
9			
10			
11	Total other liabilities	61,672	99,575

NARCONON OF NORTHERN CALIFORNIA

77-0275827

TAX YEAR: 12/31/04

STATEMENT 1

REF. SCH A (FORM 990) PART III 2a.

NARCONON OF NORTHERN CALIF PAID RENT OF \$21,716 TO ANDY MOORE, EXECUTIVE DIRECTOR, FOR USE OF PROPERTY.

NARCONON OF NORTHERN CALIFORNIA

77-0275827

TAX YEAR: 12/31/04

SCH A FORM 990 PART IV-A LINE 22

DESCRIPTION

COLUMN A

COLUMN B

COMMISSIONS

906

6057

Depreciation and Amortization

(Including Information on Listed Property)

OMB No 1545-0172

2004

Attachment
Sequence No 67Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

NARCONON OF NORTHERN CALIFORNIA

Business or activity to which this form relates

FORM 990

Identifying number

77-0275827

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 page 2 of the instructions for a higher limit for certain businesses	1	102,000
2	Total cost of section 179 property placed in service (see page 3 of the instructions).	2	0
3	Threshold cost of section 179 property before reduction in limitation	3	410,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 3 of the instructions	5	102,000

(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6			
7	Listed property. Enter the amount from line 29	7	0
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2003 Form 4562.	10	0
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	0
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2005. Add lines 9 and 10, less line 12 ▶	13	0

*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 page 3 of the instructions)	14	0
15	Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	0
16	Other depreciation (including ACRS) (see page 4 of the instructions)	16	283

Part III MACRS Depreciation (Do not include listed property.) (See page 5 of the instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2004	17	60,647
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 2004 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property		See	Attached	Statement		720
c 7-year property		See	Attached	Statement		416
d 10-year property						
e 15-year property		See	Attached	Statement		1,128
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property	2/23/2004	3,019	39 yrs.	MM	S/L	68
	12/28/2004	1,505	39	MM	S/L	2

Section C - Assets Placed in Service During 2004 Tax Year Using the Alternative Depreciation System

20 a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see page 8 of the instructions)

21	Listed property. Enter amount from line 28	21	5,438
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	68,702
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	0

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2004)

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 page 9 of the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					24b If "Yes," is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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)	(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 (see page 8 of the instructions)								25 0	
26 Property used more than 50% in a qualified business use (see page 8 of the instructions):									
VEHICLE-VAN	7/8/2002	100.00%	13,759	13,759	5	S/L - HY	2,752		
1993 MITSUBISHI VEH	1/27/2003	100.00%	3,500	3,500	5	S/L - HY	700		
WINDSTAR VEHICLE	2/3/2003	100.00%	9,932	9,932	5	S/L - HY	1,986		
27 Property used 50% or less in a qualified business use (see page 8 of the instructions):									
		%				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 5,438		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	0	

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 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles - See page 2 of the instructions)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven		0		0		0						
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	*Yes	No	Yes	No	Yes	No	Yes	No
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 (see page 10 of the instructions).

	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 page 10 of the 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? (See page 10 of the instructions)		
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 2004 tax year (see pg. 11 of the instructions)					
43 Amortization of costs that began before your 2004 tax year				43	704
44 Total. Add amounts in column (f). See page 12 of the instructions for where to report				44	704

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No. 1545-1709

► File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time—Only submit original (no copies needed)

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.

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile

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

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

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

- The books are in the care of ► ANGIE MASON

Telephone No. ► 800-722-5570 FAX No. ► _____

- If the organization does **not** have an office or place of business in the United States, check this box ☐
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) 2595. If this is for the **whole** group, check this box ☐. If it is for part of the group, check this box ☒ **X** and attach a list with the names and EINs of all members the extension will cover.

- 1 I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until 8/15/2005, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☒ calendar year 2004 or
- ☐ tax year beginning _____, and ending _____

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

- 3 a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ 0
- 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 \$ 0
- 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 \$ 0

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.
(HTA)

Form **8868** (Rev. 12-2004)

• If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box ☒ **X**

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	Employer identification number
	NARCONON OF NORTHERN CALIFORNIA	77-0275827
	Number, street, and room or suite no. If a P.O. box, see instructions.	For IRS use only
	262 GAFFEY ROAD	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	WATSONVILLE, CA 95076-9731	

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

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

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

• The books are in the care of **ANGIE MANSON**

Telephone No. **800-722-5570**

FAX No.

• If the organization does **not** have an office or place of business in the United States, check this box ☐

• If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) **2595**. If this is for the **whole** group, check this box ☐. If it is for **part** of the group, check this box ☒ **X** and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until **11/15/2005**.
- 5 For calendar year **2004**, or other tax year beginning _____, and ending _____.
- 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 **More time is requested to acquire all information needed to complete and file an accurate return.**
- 8 a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$ **0**
- 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. **081505** \$ **0**
- 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. \$ **0**

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 **David Puliafico** Date **8/15/05**

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 extended due date of the return for which an extension was requested.
- ☐ Other _____

Director _____ 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	EXTENSION APPROVED SEP 08 2005 FIELD DIRECTOR SUBMISSION PROCESSING CENTER
	DAVID PULIAFICO INC	
	Number and street (include suite, room, or apt. no.) or a P.O. box number	
	1630 TENNANT AVE	
	City or town, province or state, and country (including postal or ZIP code)	
	MORGAN HILL, CA 95037	