

Return of Organization Exempt From Income Tax

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

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

OMB No. 1545-0047

1998

This Form Is Open
to Public Inspection

A For the 1998 calendar year, OR tax year period beginning 1998, and ending 19

g Check if: <input type="checkbox"/> Changing address <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Required also for state report		G Name of organization NARCONON, INC.		D Employer Identification number 04-2606410	
Please use this label or print or type. See Specific Instructions.		Number and street (or P.O. box if mail is not delivered to street address) 459 BROADWAY #102		Room/suite 	
		City or town, state or country, and ZIP+4 EVERETT, MA 02149		E Telephone number 617-389-1107	
				F Check <input type="checkbox"/> if exemption application is pending	

G Type of organization ☒ **501(c)(3)** H (Insert number) OR ☐ section 4947(a)(1) nonexempt charitable trust

Note: Section 501(g)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H(a) Is this a group return filed for affiliates? ☐ Yes ☒ No
 (b) If "Yes," enter the number of affiliates for which this return is filed: 25
 (c) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No
 I If either box in H is checked "Yes," enter four-digit group exemption number (GEN) 25
 J Accounting method: ☐ Cash ☒ Accrual
 E Z I Other (specify)

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 it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

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

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Direct public support	1a	120,326.	
	b	Indirect public support	1b		
	c	Government contributions (grants)	1c		
	1d	Total (add lines 1a through 1c) (attach schedule of contributors) (cash \$ <u>119,826.</u> noncash \$ <u>500.</u>)	STMT 1	120,326.	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	28,172.	
	3	Membership dues and assessments	3		
	4	Interest on savings and temporary cash investments	4		
	5	Dividends and interest from securities	5		
	6a	Gross rents	6a		
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe <u></u>)	7			
Expenses	8a	Gross amount from sale of assets other than inventory	(A) Securities	8a	
	b	Less: cost or other basis and sales expenses	8b		
	c	Gain or (loss) (attach schedule)	8c		
	d	Net gain or (loss) (combine line 8c, columns)	8d		
	9	Special events and activities (attach schedule)			
	a	Gross revenue (not including \$ <u>100</u> 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		
	10a	Gross sales of inventory, less returns and allowances	10a	422.	
	b	Less: cost of goods sold	10b		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	STMT 2	422.		
11	Other revenue (from Part VII, line 103)	11			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	148,920.		
Net Assets	13	Program services (from line 44, column (B))	13	88,226.	
	14	Management and general (from line 44, column (C))	14	48,524.	
	15	Fundraising (from line 44, column (D))	15	14,217.	
	16	Payments to affiliates (attach schedule)	16		
	17	Total expenses (add lines 13 and 16, column (A))	17	150,967.	
	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	< 2,047. >	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	26,773.	
	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	24,726.	

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.

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? ☒ 1 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 \$ _____.

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

a THE ORGANIZATION OPERATES A DRUG EDUCATION FACILITY WHICH
EDUCATES THE PUBLIC DIRECTLY AND HOLDS EDUCATIONAL; SEMINARS
IN SCHOOLS REACHING OVER 40,000 STUDENTS IN 1998.

(Grants and allocations \$	88,226.
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b				(Grants and allocations \$)

[illegible]

		(Grants and allocations \$)
d		

[illegible]

	(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)		88,226

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Part III 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	16,986.	45	17,971.
	46 Savings and temporary cash investments	68.	46	20.
	47 a Accounts receivable	2,000.		
	b Less: allowance for doubtful accounts		47c	2,000.
	48 a Pledges receivable			
	b Less: allowance for doubtful accounts		48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		58	
	51 a Other notes and loans receivable	>	51C	
	b Less: allowance for doubtful accounts		51b	
	52 Inventories for sale or use	2,623.	52	2,719.
	53 Prepaid expenses and deferred charges		53	
	54 Investments-securities (attach schedule)		54	
	55 a Investments - land, buildings, and equipment: basis		55a	
	b Less: accumulated depreciation (attach schedule)		55b	
56 Investments - other		56		
57 a Land, buildings, and equipment: basis	10,468.	57a		
b Less: accumulated depreciation	5,379.	57b		
58 Other assets (describe	7,484.	57c	5,089.	
59 Total assets (add lines 45 through 58) (must equal line 74)	30,311.	59	27,799.	
Liabilities	60 Accounts payable and accrued expenses	320.	60	1,125.
	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		64b	
	65 Other liabilities (describe • PAYROLL TAXES PAYABLE	3,218.	65	1,948.
	66 Total liabilities (add lines 60 through 65)	3,538.	66	3,073.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here • <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	26,773.	67	24,726.
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here • <input type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)	26,773.	73	24,726.
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	30,311.	74	27,799.

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.

Reconciliation of Expenses per Audited Financial Statements with Expenses per Return :

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

2-11-50^t

s 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. • Lj Yes [S 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 <input checked="" type="checkbox"/> nonexempt.		
81 a Enter the amount of political expenditures, direct or indirect, as described in the Instructions for line 81. 0.	81a	
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 for reporting in Part III). N/A	82b	
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? N/A	83b	
84 a Did the organization solicit any contributions or gifts that were not tax-deductible? N/A	84a	
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b	
85 501(c)(4), (5), or (6) organizations. - a Were substantially all dues nondeductible by members? N/A	85a	
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A	85b	
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c Dues, assessments, and similar amounts from members N/A	85c	
d Section 162(e) lobbying and political expenditures. N/A	85d	
a Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices N/A	85e	
f Taxable amount of lobbying and political expenditures (line 85d less 85e). N/A	85f	
g Does the organization elect to pay the section 6033(e) tax on the amount in 85f? N/A	85g	
h If section 6033(e)(1)(A) dues notice were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A	85h	
88 501(c)(7) organizations. - Enter:		
a Initiation fees and capital contributions included on line 12. N/A	88a	
b Gross receipts, included on line 12, for public use of club facilities. N/A	88b	
87 501(c)(12) organizations. - Enter: a Gross income from members or shareholders. N/A	87a	
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) N/A	87b	
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX.	88	X
89 a 501(c)(3) organizations. - Enter: Amount of tax imposed during the year under: section 4911 • 0; section 4912 • 0; section 4955 • 0.		
b 501(c)(3) and 501(o)(4) organizations. - Did the organization engage in any section 4958 excess benefit transaction during the 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 in 89c, above, reimbursed by the organization. 0.		
90 a List the states with which a copy of this return is filed • MASSACHUSETTS		
b Number of employees employed in the pay period that includes March 12, 1998. 3	90b	
91 The books are in care of • SUSAN BIRKENSHAW Telephone no • 617-389-1107		
Located at • 459 BROADWAY, EVERETT, MA ZIP+4 • 02149		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041. - Check here, and enter the amount of tax-exempt interest received or accrued during the tax year. N/A	92	

Part I Analysis of Income-Producing Activities

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	JG Exclu- sion code	(D) Amount	
93 Program service revenue:					
(a) PUBLIC SCHOOL EDUCATION					28,172.
(b)					
(c)					
(d)					
(e)					
(f) Medicare/Medicaid payments					
(g) Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
(a) debt-financed property					
(b) not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory	812900	422.		-	
103 Other revenue:					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		422.		0.	28,172.
105 TOTAL (add line 104, columns (B), (D), and (E))					28,594.

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

Part II Relationship of Activities to the Accomplishment of Exempt Purposes

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	THE ORGANIZATION PROVIDES INFORMATION TO STUDENTS REGARDING THE HARMFUL EFFECTS OF DRUGS. IT FURTHERS IT'S EXEMPT PURPOSE BY PROMOTING AND EDUCATING ON A DRUG FREE SOCIETY.
102	THE ORGANIZATION'S BOOK AND VIDEO SALES FURTHER IT'S EXEMPT PURPOSE BY PROVIDING EDUCATIONAL MATERIALS TO THE PUBLIC.

Part III Information Regarding Taxable Subsidiaries (Complete if the organization has taxable subsidiaries)

Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income	End-of-year assets
N/A	%			
	%			
	%			
	%			

I have prepared this return and accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I am not aware of any information which would require the filing of any other return or statement.

4/13/99

SUE BIRKENSHAW - TREASURER

Type or print name and title

**SCHEDULE A
(Form 990)**

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

OMB No. 1545-0047

1998

Supplementary Information

- Must be completed by the above organizations and attached to their Form 990 or 990EZ.

Name of the organization

NARCONON, INC.

Employer Identification number

04-2606410

Part I

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

(See 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 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	

LHA For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990) 1998

Part I Statement About Activities

	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?		X
If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities. • \$ <u>1</u>		
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 of its 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:		
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! PMWJ, V, FORM 990	X	
e Transfer of any part of its income or assets?		X
If the answer to any question is "Yes," attach a detailed statement explaining the transactions.		
3 Does the organization make grants for scholarships, fellowships, student loans, etc.?		X
4 a Do you have a section 403(b) annuity plan for your employees?		X
b 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 Instructions.)		

Part II Reason for Non-Private Foundation Status (See 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, page 4.)
- 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 EH 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 instructions on page 4.)

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

14 EH An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions on page 4.)

Part IV A Support Schedule (Complete only if you checked a box on line 10, 11, or 12 above.) 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) 1997	(b) 1996	(c) 1995	(d) 1994	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	111,267.	85,895.	89,697.	66,118.	352,977.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose	29,341.	21,965.	30,212.	31,318.	112,836.
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...					
19 Net income from unrelated business activities not included in line 18					
28 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	140,608.	107,860.	119,909.	97,436.	465,813.
24 Line 23 minus line 17	111,267.	85,895.	89,697.	66,118.	352,977.
25 Enter 1% of line 23	1,406.	1,079.	1,199.	974.	
26 Organizations described in lines 10 or 11: a Enter 2% of amount in column (a), line 24.					7,060.
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1994 through 1997 exceeded the amounts shown in line 26a. Enter the sum of all these excess amounts					0.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					352,977.
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 28b _____					
e Public support (line 26c minus line 26d total)					352,977.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					100.0000%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year. N/A					
b For any amount included in line 17 that was received from a nondisqualified person, attach a list 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.) 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					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					
d Add: Line 27a total _____ and line 27b total _____					
e Public support (line 27c, total minus line 27d total)					N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					N/A
g Public support percentage (line 27e (numerator) divided by line 27f, (denominator))					N/A %
h Investment income percentage (line 18 column (e) (numerator) divided by line 27f (denominator))					N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12, that received any unusual grants during 1994 through 1997, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See instructions.)					

Part V**Private School Questionnaire****(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?.....	JL ⁹	
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?.....	30	
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?.....	31	
	If "Yes," please describe; if "No," please explain, (if you need more space, attach a separate statement.)		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?.....	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?.....	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?.....	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions?.....	32d	
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?.....	33a	
b	Admissions policies?.....	33b	
G	Employment of faculty or administrative staff?.....	33G	
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?.....	34b	
	If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2C.B.587, covering racial nondiscrimination? If "No," attach an explanation.....	35	

Part VI-a Lobbying Expenditures by Electing Public Charities

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

N/A

Check here • a ☐ ☒ if the organization belongs to an affiliated group.Check here • b ☐ ☐ If you checked "a" above 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 -O- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -O- 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.)

	Lobbying Expenditures During 4-Year Averaging Period				N/A
Calendar year (or fiscal year beginning in) •	(a) 1998	(b) 1997	(c) 1996	(d) 1995	(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- Lobbying/Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A)

N/A

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			
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)			0.

HUB

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

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

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

a Transfers from the reporting organization to a noncharitable exempt organization of:

(i) Cash.....;

(II) Other assets.....

b Other transactions:

(l) Sales of assets to a noncharitable exempt organization.....

(II) Purchases of assets from a noncharitable exempt organization.....

(III) Rental of facilities or equipment.....J.....

(iv) Reimbursement arrangements.....

(v) Loans or loan guarantees.....

(vi) Performance of services or membership or fundraising solicitations.

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.....(.....)

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

N/A

[illegible]

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

b If "Yes," complete the following schedule.

N/A

f

[illegible]

Asset Number	Description of property							
	Date placed in service	Method/ IRC sec.	Life or rate	Line No.	Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	MANAGEMENT AND GENERAL							
	I I							
1	MACHINERY & EQUIPMENT							
	VARIES	SL	5.00	19	9,968.		3,285.	1,994.
2	COPIER							
	02,28,98	SL	5.00	19	500.			100.
**	990 PAGE 2 TOTAL MANAGEMENT AND GENERAL							
	i i				10,468.		3,285.	2,094.
**	GRAND TOTAL 990 PAGE 2 DEPRECIATION							
	i i				10,468.		3,285.	2,094.
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FORM 990' INCOME AND COST OF GOODS SOLD STATEMENT 2
 INCLUDED ON PART I, LINE 10

INCOME

1. GROSS RECEIPTS	422	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		422
<hr/>		
4. COST OF GOODS SOLD (LINE 13)		
5. GROSS PROFIT (LINE 3 LESS LINE 4)		422
<hr/> <hr/>		

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR		
7. MERCHANDISE PURCHASED		
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		
<hr/>		
12. INVENTORY AT END OF YEAR		
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12)		
<hr/> <hr/>		

NARCONON, INC.

04-2606410

FORM 990	OTHER EXPENSES	STATEMENT	3
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DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
CONSULTING	2,670.	2,670.		
EDUCATIONAL PUBLICATIONS	6,172.	6,172.		
INSURANCE	458.		458.	
MAILINGS & PROMOTION	17,530.	15,777.		1,753.
MISCELLANEOUS	1,697.	718.	979.	
OUTSIDE SERVICES	1,546.		1,546.	
TRADEMARK LICENSE FEES	14,336.		14,336.	
TOTAL TO FM 990, LN 43	44,409.	25,337.	17,319.	1,753.

FORM 990	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT	4
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
MACHINERY & EQUIPMENT	9,968.	5,279.	4,689.
COPIER	500.	100.	400.
TOTAL TO FORM 990, PART IV, LN 57	10,468.	5,379.	5,089.