

NARCOTICS ANONYMOUS WORLD SERVICES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,503,136	\$ 1,815,535
Investments - at fair value	809,366	913,343
Accounts receivable (net of allowance for uncollectible accounts of \$25,023 and \$12,381, respectively)	615,609	877,780
Publication inventory	667,230	664,838
Prepaid expenses	50,801	1,091,366
Total current assets	4,646,142	5,362,862
PROPERTY AND EQUIPMENT		
Furniture and equipment	1,845,282	993,629
Leasehold improvements	715,947	548,811
	2,561,229	1,542,440
Less accumulated depreciation and amortization	(1,411,465)	(1,231,675)
Total property and equipment - net	1,149,764	310,765
OTHER ASSETS		
Deposits	-	2,576
Trademarks and copyrights (net of accumulated amortization of \$512,394 and \$404,927, respectively)	447,932	492,427
Total other assets	447,932	495,003
Total assets	\$ 6,243,838	\$ 6,168,630
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 445,194	\$ 158,656
Accrued salaries and withholdings payable	148,908	130,666
Current portion of note payable	-	60,000
Current portion of capital leases obligations	95,341	-
Deferred revenue	-	1,282,286
Total current liabilities	689,443	1,631,608
NOTE AND CAPITAL LEASES PAYABLE, LESS CURRENT PORTION	601,206	27,931
Total liabilities	1,290,649	1,659,539
UNRESTRICTED NET ASSETS		
Total liabilities and net assets	\$ 6,243,838	\$ 6,168,630

See accompanying notes to consolidated financial statements.

NARCOTICS ANONYMOUS WORLD SERVICES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
REVENUES, GAINS AND OTHER SUPPORT		
Sales of publications and program materials	\$ 6,953,228	\$ 6,493,341
Less discounts and cost of sales	<u>2,455,751</u>	<u>2,086,973</u>
Net sales of publications and program materials	4,497,477	4,406,368
Convention registration and other revenue	2,484,665	1,702,134
Conference contributions	697,993	703,367
Interest	19,483	26,233
Other	<u>16,612</u>	<u>90,811</u>
Total revenues, gains and other support	<u>7,716,230</u>	<u>6,928,913</u>
EXPENSES		
Literature production and distribution	1,403,935	1,271,556
World Service Conference support	1,681,880	1,323,702
Fellowship development	1,445,620	1,243,649
Events	<u>2,740,697</u>	<u>1,711,761</u>
Total expenses	<u>7,272,132</u>	<u>5,550,668</u>
CHANGE IN NET ASSETS	444,098	1,378,245
UNRESTRICTED NET ASSETS		
Beginning of year	<u>4,509,091</u>	<u>3,130,846</u>
End of year	<u>\$ 4,953,189</u>	<u>\$ 4,509,091</u>

See accompanying notes to consolidated financial statements.

NARCOTICS ANONYMOUS WORLD SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 444,098	\$ 1,378,245
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	284,539	211,750
(Increase) decrease in assets:		
Accounts receivable	262,171	(356,595)
Claims receivable	-	292,801
Publication inventory	(2,392)	(101,998)
Prepaid expenses	1,040,565	(441,715)
Deposits	2,576	59,016
Increase (decrease) in liabilities:		
Accounts payable	286,538	(280,519)
Accrued salaries and withholdings payable	18,242	28,217
Deferred revenue	(1,282,286)	343,931
Net cash provided by operating activities	<u>1,054,051</u>	<u>1,133,133</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	111,400	-
Purchase of investments	(7,423)	(231,208)
Purchase of property and equipment	(115,411)	(85,310)
Purchases of leasehold improvements	(167,136)	-
Payments to secure copyrights and trademarks	(62,973)	(100,678)
Net cash used by investing activities	<u>(241,543)</u>	<u>(417,196)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of notes payable	-	100,000
Repayment of capital lease obligations	(36,977)	-
Repayment of note payable	(87,931)	(145,402)
Net cash used by financing activities	<u>(124,908)</u>	<u>(45,402)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	687,600	670,535
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,815,536</u>	<u>1,145,000</u>
End of year	<u>\$ 2,503,136</u>	<u>\$ 1,815,535</u>

Supplemental disclosures of cash flow information: Interest paid the years ended June 30, 2004 and 2003 amounted to \$65,629 and \$6,305, respectively.

Non-cash investing and financing activities: During the year ended June 30, 2004, NAWS entered into lease obligations for equipment in the amount of \$733,524.

See accompanying notes to consolidated financial statements.