

DRCNet Foundation, Inc.
4455 Connecticut Ave., NW, Suite B-500
Washington, DC 20008

8/13/97

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192


To whom it may concern:

Enclosed you will find the DRCNet Foundation's Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, including:

- Form 8718, with money order for the \$465 user fee attached;
- Two copies of Form 872-C, requesting an advance ruling under section 6501(c)(4);
- Form 1023, the Application for Recognition of Exemption;
- Attachment 1, responding to Part II, line 1 of Form 1023;
- Attachment 2, responding to Part II, line 3 of Form 1023;
- Attachment 3, responding Part II, lines 4a and 4b of Form 1023;
- Attachment 4, including schedules requested in Part IV, lines 17 and 22;
- Attachment 5, the Foundation's Articles of Incorporation and subsequent Articles of Amendment; and
- Attachment 6, the Foundation's by-laws.

Thank you for considering our application. I can be reached at the above listed address, by phone at (202) 362-0030, or via fax at (202) 362-0032.

Sincerely,


David Borden
Director

POSTMARK
AUG 14 '97
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AUG 19 '97
INTERNAL REVENUE SERVICE
COVINGTON, KY

**User Fee for Exempt Organization
Determination Letter Request**

1023 ▶ **Attach this form to determination letter application.**
(Form 8718 is NOT a determination letter application.)

1705323111000
For IRS Use Only

Control number
Amount paid 465CC
User fee screener RS

1 Name of organization

DRCNet Foundation, Inc.

2 Employer Identification Number

52 2034867

Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request

Fee

a ☐ Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or
- A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ \$150

Note: If you checked box 3a, you must complete the Certification below.

Certification

I certify that the annual gross receipts of

name of organization

have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶

Title ▶

b ☒ Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years, or
- A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years ▶ \$465

c ☐ Group exemption letters ▶ \$500

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 97-8, 1997-1 I.R.B. 187.

Check the box on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the Internal Revenue Service for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

To avoid delays, send the determination letter application and Form 8718 to the applicable IRS address shown below. Use the address below even if a different address appears in another form or publication.

If the organization is in

Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont

Alaska, California, Hawaii, Idaho, Nevada, Oregon, Washington

Any state not listed above, a U.S. possession, or a foreign country

Send fee and request for determination letter to

Internal Revenue Service
EP/EO Division
P. O. Box 1680, GPO
Brooklyn, NY 11202

Internal Revenue Service
EO Application
EP/EO Division
McCaslin Industrial Park
2 Cupania Circle
Monterey Park, CA
91755-7406

Internal Revenue Service
P. O. Box 192
Covington, KY
41012-0192

Attach Check or Money Order Here

POSTMARK

AUG 14 '97

INTERNAL REVENUE SERVICE
COVINGTON, KY

RECEIVED

AUG 19 '97

**Application for Recognition of Exemption
Under Section 501(c)(3) of the Internal Revenue Code**

170532311000

OMB No. 1545-0056

If exempt status is
approved, this
application will be open
for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 7 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) DRCNet Foundation, Inc.		2 Employer identification number (EIN) (If none, see page 2 of the instructions.) 52 2034867
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed David Borden (202) 362-0030
1c Address (number and street) 4455 Connecticut Ave., NW	Room/Suite B-500	4 Month the annual accounting period ends
1d City or town, state, and ZIP code Washington, DC 20008		5 Date incorporated or formed May 12, 1997
6 Activity codes (See page 3 of the instructions.) 125 123 537		7 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)
8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
9 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).		
10 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

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11 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions for Part I, Line 11**, on page 3.) **Get Pub. 557, Tax-Exempt Status for Your Organization**, for examples of organizational documents.)

- a ☒ **Corporation**—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b ☐ **Trust**—Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c ☐ **Association**—Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please
Sign
Here

David Borden
(Signature)

President

(Title or authority of signer)

8/13/97

(Date)

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Cat. No. 17133K

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

SEE ATTACHMENT 1

- 2 What are or will be the organization's sources of financial support? List in order of size.
The organization anticipates receiving support from foundation grants and from individual donors.

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

SEE ATTACHMENT 2

Part II Activities and Operational Information (Continued)**4** Give the following information about the organization's governing body:**a** Names, addresses, and titles of officers, directors, trustees, etc.SEE ATTACHMENT 3**b** Annual compensationSEE ATTACHMENT 3

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? ☐ Yes ☒ No
 If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See **Specific Instructions** for Part II, Line 4d, on page 3.) ☐ Yes ☒ No
 If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? ☐ Yes ☒ No
 Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? ☒ Yes ☐ No
 If either of these questions is answered "Yes," explain.

The DRCNet Foundation has a "sister" organization, the Drug Reform Coordination Network, a corporation which is in the process of preparing to apply for 501(c)(4) status. Currently the two organizations have several Directors and Officers in common; however, that is not mandated anywhere in our corporate structure, nor by any other understandings.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? ☒ Yes ☐ No
 If "Yes," explain fully and identify the other organizations involved.

The organization may share in purchases, rentals and repairs of computer equipment or other assets with the Drug Reform Coordination Network, as well as office space, payroll, web site and other Internet costs. Costs will be allocated by pro-rata share of use and by fair market value.

7 Is the organization financially accountable to any other organization? ☐ Yes ☒ No
 If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part II Activities and Operational Information (Continued)

- 8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If "None," indicate "N/A."

N/A

- 9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? ☐ Yes ☒ No

- 10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? ☐ Yes ☒ No

- b Is the organization a party to any leases? ☐ Yes ☒ No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties. ☐ Yes ☒ No

- 11 Is the organization a membership organization?

If "Yes," complete the following:

- a Describe the organization's membership requirements and attach a schedule of membership fees and dues. ☐ Yes ☒ No

- b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

- c What benefits do (or will) the members receive in exchange for their payment of dues?

- 12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? ☐ N/A ☒ Yes ☐ No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

The organization does not currently provide benefits, services, or products, but might in the future. At such point, the organization plans to set fees so as to recoup approximate costs.

- b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? ☐ N/A ☐ Yes ☒ No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

- 13 Does or will the organization attempt to influence legislation? ☐ Yes ☒ No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

- 14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? ☐ Yes ☒ No
If "Yes," explain fully.

Part III Technical Requirements

- 1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? ☒ Yes ☐ No
If you answer "Yes," do not answer questions on lines 2 through 7 below.

- 2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 8.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- ☐ a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See Specific Instructions, Line 2a, on page 4;
- ☐ b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- ☐ c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

- 3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? ☐ Yes ☐ No

If "Yes," your organization qualifies under section 4.01 of Rev. Proc. 92-85, 1992-2 C.B. 490, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 7.

If "No," answer question 4.

- 4 If you answer "No" to question 3, has the organization been contacted by the IRS regarding its failure to file Form 1023 within 27 months from the end of the month in which the organization was created or formed? ☐ Yes ☐ No

If "No," your organization is requesting an extension of time to apply under the "reasonable action and good faith" requirements of section 5.01 of Rev. Proc. 92-85. Do not answer questions 5 through 7.

If "Yes," answer question 5.

- 5 If you answer "Yes" to question 4, does the organization wish to request relief from the 15-month filing requirement? ☐ Yes ☐ No

If "Yes," give the reasons for not filing this application prior to being contacted by the IRS. See Specific Instructions, Line 5, on page 4 before completing this item. Do not answer questions 6 and 7.

If "No," answer question 6.

- 6 If you answer "No" to question 5, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? ☐ Yes ☐ No

- 7 If you answer "Yes" to question 6 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here ☐ and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

Page 6

8 Is the organization a private foundation?

☐ Yes (Answer question 9.)☒ No (Answer question 10 and proceed as instructed.)

9 If you answer "Yes" to question 8, does the organization claim to be a private operating foundation?

☐ Yes (Complete Schedule E.)☐ No

After answering question 9 on this line, go to line 15 on page 7.

10 If you answer "No" to question 8, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---------------------------------------|--|--|
| a <input type="checkbox"/> | As a church or a convention or association of churches
(CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1)
and 170(b)(1)(A)(i) |
| b <input type="checkbox"/> | As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| c <input type="checkbox"/> | As a hospital or a cooperative hospital service organization, or a
medical research organization operated in conjunction with a
hospital (MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| d <input type="checkbox"/> | As a governmental unit described in section 170(c)(1). | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| e <input type="checkbox"/> | As being operated solely for the benefit of, or in connection with,
one or more of the organizations described in a through d, g, h, or i
(MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f <input type="checkbox"/> | As being organized and operated exclusively for testing for public
safety. | Section 509(a)(4) |
| g <input type="checkbox"/> | As being operated for the benefit of a college or university that is
owned or operated by a governmental unit. | Sections 509(a)(1)
and 170(b)(1)(A)(iv) |
| h <input checked="" type="checkbox"/> | As receiving a substantial part of its support in the form of
contributions from publicly supported organizations, from a
governmental unit, or from the general public. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| i <input type="checkbox"/> | As normally receiving not more than one-third of its support from
gross investment income and more than one-third of its support from
contributions, membership fees, and gross receipts from activities
related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j <input type="checkbox"/> | The organization is a publicly supported organization but is not sure
whether it meets the public support test of block h or block i. The
organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(vi)
or Section 509(a)(2) |

If you checked one of the boxes a through f in question 10, go to question 15. If you checked box g in question 10, go to questions 12 and 13. If you checked box h, i, or j, in question 10, go to question 11.

Part III Technical Requirements (Continued)

- 11** If you checked box **h**, **i**, or **j** in question 10, has the organization completed a tax year of at least 8 months?
- ☐ Yes—Indicate whether you are requesting:
- ☐ A definitive ruling (Answer questions 12 through 15.)
- ☐ An advance ruling (Answer questions 12 and 15 and attach two Forms 872-C completed and signed.)
- ☒ No—**You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the application.**
- 12** If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 13** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here ☐ and:

- a** Enter 2% of line 8, column (e), Total, of Part IV-A. _____
- b** Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line **13a** above.

- 14** If you are requesting a definitive ruling under section 509(a)(2), check here ☐ and:

- a** For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
- b** For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

15 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)			If "Yes," complete Schedule:
	Yes	No	
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . .		X	I

Form 1023 (Rev. 4-96)

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
		(a) From 5/97 to 12/97	(b) 19 98..	(c) 19 99..	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see pages 5 and 6 of the instructions)	0	\$150,000	\$175,000	\$325,000
	2 Membership fees received	0	0	0	0
	3 Gross investment income (see instructions for definition)	0	\$300	\$400	\$700
	4 Net income from organization's unrelated business activities not included on line 3	0	0	0	0
	5 Tax revenues levied for and either paid to or spent on behalf of the organization	0	0	0	0
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)	0	0	0	0
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	0	0	0	0
	8 Total (add lines 1 through 7)	0	\$150,300	\$175,400	\$325,700
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22.	0	0	0	0
	10 Total (add lines 8 and 9)	0	\$150,300	\$175,400	\$325,700
Expenses	11 Gain or loss from sale of capital assets (attach schedule)	0	0	0	0
	12 Unusual grants	0	0	0	0
	13 Total revenue (add lines 10 through 12)	0	\$150,300	\$175,400	\$325,700
	14 Fundraising expenses	0	\$5,000	\$25,000	
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	0	0	0	
	16 Disbursements to or for benefit of members (attach schedule)	0	0	0	
	17 Compensation of officers, directors, and trustees (attach schedule)	0	\$33,400	\$33,400	
	18 Other salaries and wages	0	\$85,500	\$85,500	
	19 Interest	0	0	0	
	20 Occupancy (rent, utilities, etc.)	0	\$10,272	\$10,272	
	21 Depreciation and depletion	0	0	0	
	22 Other (attach schedule)	0	\$14,705	\$14,705	
	23 Total expenses (add lines 14 through 22)	0	\$149,177	\$169,177	
	24 Excess of revenue over expenses (line 13 minus line 23)	0	\$1,123	\$6,223	

SCHEDULES INCLUDED IN ATTACHMENT 4

Part IV Financial Data (Continued)**B. Balance Sheet (at the end of the period shown)**Current tax year
Date 8/1/97

Assets		
1	Cash	0
2	Accounts receivable, net	0
3	Inventories	0
4	Bonds and notes receivable (attach schedule)	0
5	Corporate stocks (attach schedule)	0
6	Mortgage loans (attach schedule)	0
7	Other investments (attach schedule)	0
8	Depreciable and depletable assets (attach schedule)	0
9	Land	0
10	Other assets (attach schedule)	0
11	Total assets (add lines 1 through 10)	0
Liabilities		
12	Accounts payable	0
13	Contributions, gifts, grants, etc., payable	0
14	Mortgages and notes payable (attach schedule)	0
15	Other liabilities (attach schedule)	0
16	Total liabilities (add lines 12 through 15)	0
Fund Balances or Net Assets		
17	Total fund balances or net assets	0
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	0

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation ☐

ATTACHMENT 5

Attached is a photocopy of the DRCNet Foundation's Articles of Incorporation, as filed on May 12th, 1997. Following the Articles is a draft of Articles of Amendment that we plan to file once they are approved by our Board of Directors. There has been informal agreement that the Board will adopt these amendments, or amendments much like them, during our next meeting in October. Note that one of the initial Directors has subsequently resigned, hence the differing number of Directors in this attachment from attachment 3.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
BUSINESS REGULATION ADMINISTRATION



CERTIFICATE

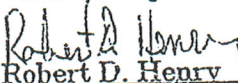
THIS IS TO CERTIFY that all applicable provisions of the DISTRICT OF COLUMBIA NONPROFIT CORPORATION ACT have been complied with and accordingly, this **CERTIFICATE of INCORPORATION** is hereby issued to

DRCNET FOUNDATION, INC.

as of **MAY 12TH, 1997.**

Hampton Cross
Director

Katherine A. Williams
Administrator
Business Regulation Administration


Robert D. Henry
Act. Asst. Corporate Program Manager
Corporations Division

Marion Barry, Jr.
Mayor

ARTICLES OF INCORPORATION

of

DRCNET FOUNDATION, INC.

FILED
MAY 12 1997
BY: [signature]

TO: Department of Consumer and Regulatory Affairs,
Business Regulation Administration, Corporations Division,
614 H Street, N.W., Washington, D.C. 20001

We, the undersigned natural persons of the age of twenty-one years or more, acting as incorporators of a corporation under the District of Columbia Nonprofit Corporation Act (D.C. Code, 1981 edition, Title 29, Chapter 5), adopt the following Articles of Incorporation:

- FIRST: The name of the corporation is DRCNet Foundation, Inc..
- SECOND: The period of duration is perpetual.
- THIRD: The purpose for which the corporation is organized is to heighten public awareness of the consequences of drug policies, including but not limited to the current war on drugs; and to promote rational debate on drug prohibition and alternatives to total prohibition.

To these ends, the corporation will:

- (a) research the public health, medical, economic, social, criminal justice, and other costs of the war on drugs, and related topics;
- (b) communicate regularly with organizations and individuals concerned with drug policy;
- (c) provide communications and networking services to such persons for sharing and gathering of information;
- (d) disseminate information about drug policy and the impact of the war on drugs, through the Internet, through a newsletter and other bulletins, through the mass media, and other means; and
- (e) distribute informational bulletins on drug policy reform.

FOURTH: The corporation will have no members.

FIFTH: The Board of Directors shall have the power to vote.

SIXTH: The method of election or appointment of the Board of Directors, their qualifications, powers, duties, compensation and tenure of office, the manner of

filling vacancies on the Board and the manner of calling and holding meetings of the Directors, shall be as stated in the bylaws of the corporation. The power to adopt or amend organizational bylaws is reserved to the Board of Directors.

- SEVENTH: (a) Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.
- (b) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its Directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof.
- (c) Upon the dissolution of this corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated to achieve similar purposes to this corporation.

EIGHTH: The address, including street and number and zip code, of the initial registered office is 4455 Connecticut Ave., NW, Suite B-500, Washington, D.C. 20008, and the name of the initial registered agent at such address is David Borden.

NINTH: The number of Directors constituting the initial Board of Directors is eight and the names and addresses, including street and number and zip code, of the persons who are to serve as the initial Directors until the first annual meeting or until their successors be elected or appointed and qualified are:

NAME

ADDRESS

David Borden

Washington, D.C. [REDACTED]

Keith Cylar

New York, NY [REDACTED]

Dawn Day

Princeton, NJ [REDACTED]

Cheryl Epps

Washington, D.C. [REDACTED]

Richard M. Evans

Northampton, MA

Clifford A. Schaffer

Canyon Country, CA

Joey Tranchina

Redwood City, CA

Aaron D. Wilson

New York, NY

TENTH: The name and address, including street and number and zip code, of each incorporator is:

NAME

ADDRESS

David Borden

Washington, D.C.

Cheryl Epps

Washington, D.C.

Peter Kempner

Washington, D.C.

DATE: May 9, 1997

David Borden

INCORPORATOR

Cheryl Epps

INCORPORATOR

Peter Kempner

INCORPORATOR

I, DEBORAH SUGAR, a Notary Public, hereby certify that on the 9TH day of May, 1997, David Borden, Cheryl Epps, and Peter, appeared before me and signed the foregoing document as incorporators, and have averred that the statements therein contained are true.

Deborah Sugar

Deborah Sugar
Notary Public District of Columbia
My Commission Expires: June 30, 2000

ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION
OF
DRCNET FOUNDATION, INC.

TO:
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
BUSINESS REGULATION ADMINISTRATION
CORPORATIONS DIVISION
614 H STREET, N.W. ROOM 407
WASHINGTON, D.C. 20001

Pursuant to the provisions of the District of Columbia non-profit Corporation Act, the undersigned adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is: DRCNet Foundation, Inc.

SECOND: The following amendment of the Articles of Incorporation was adopted by the Corporation in the manner prescribed by the District of Columbia Non-profit Corporation Act:

Article Third, paragraph one, shall be amended to read as follows:

"The purpose for which the corporation is organized is to heighten public awareness of the consequences of drug policies, including but not limited to the current war on drugs; and to promote rational debate on drug prohibition and alternatives to total prohibition. The corporation is organized exclusively for charitable and education purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code."

Article Seventh, paragraph (a), shall be amended to read as follows:

"No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code."

Article Seventh, paragraph (c), shall be amended to read as follows:

“Upon the dissolution of this corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated to achieve similar purposes to this corporation, for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.”

In Article Ninth, paragraph one, the phrase “The number of Directors constituting the initial Board of Directors is eight” shall be struck and replaced with “The number of Directors constituting the Board of Directors shall be an odd number greater than or equal to three, except that the number may differ from these requirements following the resignation or removal of any Director”.

THIRD: The amendment was adopted in the following manner: The amendment was adopted at a meeting of the Board of Directors held on _____, and received the vote of a majority of the Directors in office, there being no members having voting rights in respect thereof.

Date: _____

DRCNet Foundation, Inc.

By _____
David Borden, President

ATTEST: _____
Richard Evans, Secretary

ATTACHMENT 6

Attached are the DRCNet Foundation's by-laws, as adopted on July 25, 1997. Following the by-laws are amendments that have been proposed. It has been informally agreed that these amendments, or amendments much like them, will be adopted at the next meeting of our Board of Directors in October.

BYLAWS
of
DRCNET FOUNDATION, INC.
as adopted on July 25, 1997

ARTICLE I. Name

The name of the corporation is "DRCNET FOUNDATION, INC." hereinafter referred to as "the corporation."

ARTICLE II. Purpose

As provided in the Articles of Incorporation, the corporation is organized to elevate public awareness of the negative consequences of drug prohibition policies and to encourage debate on alternative policies.

ARTICLE III. Board of Directors

A. The property, affairs, and business of the corporation shall be managed by the Board of Directors, which shall delegate the responsibility for developing overall policy, control, and administration of the corporation to the executive director.

B. The number of members of the Board of Directors of the corporation shall be eight.

C. The Directors of the Board shall all be at least 18 years of age.

D. The term of office of each Director shall be three years. (Exception: The term of office of each of the original eight Directors of the corporation shall be one, two, three, one, two, one, two and three years respectively.)

E. Terms of Directors shall expire at the conclusion of every annual meeting of the Board of Directors. The first such meeting when a Director's term expires shall be the annual meeting held in March 1998.

F. A vacancy existing by reason of the expiration of a Director's term shall be filled by designation by a two-thirds vote of the Directors at the annual meeting of the Board of Directors. The Board may re-elect a Director whose term is expiring to a new term of office.

G. A vacancy existing by reason of the resignation, death, or removal of a Director before the expiration of his or her term shall be filled by designation by a two-thirds vote of the

remaining Directors. A Director elected to fill a vacant seat on the Board shall serve until the expiration of that term.

H. A Director may resign at any time by giving written notice of resignation to another Director of the Board. Any resignation shall take effect at the time received, unless another time is specified in such notice. Unless specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

I. The Board of Directors shall by a two-thirds vote choose from among the Directors a Chair of the Board who shall preside at all meetings. Meetings of the Board may be called by the Chair or the Executive Director, unless the Chair or the Executive Director designates another Director to call a meeting.

J. A Director may be removed, for valid cause, by a two-thirds vote of the Directors of the Board at any time by action of the Board, provided that 48 hours' notice of the proposed action is included in the notice of the meeting at which such vote is to be taken.

ARTICLE IV. Meetings of the Board of Directors

A. The Board of Directors may hold its meetings at such places as shall be specified in the meeting notices. Meetings may also be held by telephone conference call or e-mail, following protocols that approximate those used for in-person meetings, or as otherwise designated.

B. Meetings of the Board of Directors shall be held whenever called by the chair of the Board or upon notice signed by a two-thirds majority of the Directors. Advance notice shall be 48 hours, which may be waived by unanimous agreement of the Directors.

C. The Board of Directors shall hold an annual meeting during the month of March.

D. At any meeting, the presence of more than half of the Directors of the Board, disregarding any unfilled vacancies which may then exist, shall constitute a quorum for the transaction of business.

E. Except as otherwise specifically provided by statutes or these bylaws, adopting, changing, or amending these bylaws, or directly relevant policies or practices, shall require a two-thirds vote of the Directors of the Board. However, the Board is not empowered at any time to enact changes to these bylaws, or take other actions, that would bring the corporation into conflict with its original stated purpose.

ARTICLE V. Membership

The corporation shall have no members.

ARTICLE VI. Officers

A. The officers of the corporation shall be the chair, president, vice-president, secretary, and treasurer. The chair and president must be Directors. The vice-president, secretary and treasurer may be Directors.

B. Any two of the positions of president, vice-president, secretary and treasurer may be held by the same person.

C. The term of office of the chair, secretary, and treasurer of the corporation shall be one year, ending at the conclusion of the annual meeting.

D. The officers of the corporation shall be elected by a two-thirds vote of the Board of Directors at the annual meeting.

E. A vacancy existing by reason of the resignation, death, or removal of an officer before the expiration of his or her term shall be filled by designation by a two-thirds vote of the Directors. An officer elected to fill a vacant seat shall serve until the expiration of that term.

F. An officer may resign at any time by giving written notice of resignation to a Director of the Board. Any resignation shall take effect at the time received, unless another time is specified in such notice. Unless specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VII. Duties of Officers

A. The chair shall have general supervision over the business of the corporation. The chair shall also call and preside over meetings of the Board of Directors.

B. The secretary shall keep minutes of all proceedings of the Board of Directors.

C. The treasurer shall ensure that the staff of the corporation keep and maintain adequate records of the business transactions of the corporation.

ARTICLE VIII. Staff, Contracts, Loans, Checks, Drafts, Bank Accounts, Etc.

A. The Board of Directors may delegate the hiring, administration, and termination of staff personnel to the executive director of the corporation.

B. The executive director shall be elected by a two-thirds vote of the Board of Directors to serve as an employee of the corporation. The executive director, who may be a member of the Board of Directors, shall have the responsibility for carrying out the overall policy, control, and

administration of the corporation, as determined by the Board of Directors. The executive director is authorized to enter into contracts and agreements, effect loans and advances, sign and endorse checks, and deposit and withdraw funds from the corporation's account or accounts in the name of the corporation, so long as such actions are intended to serve to further the purposes of the corporation.

ARTICLE IX. Advisory Board

A. The executive director may create and develop an Advisory Board for advice on activities relevant to the corporation's purpose.

B. An individual may be added to the Advisory Board by agreement between the individual and the executive director.

C. Advisory Board members may resign from the Advisory Board by providing written notice. Advisory Board members may be removed by the executive director with or without cause by providing written notice.

ARTICLE X. Amendment of Bylaws and Articles of Incorporation

A. These bylaws may be amended or repealed by the Board of Directors at a meeting by a two-thirds vote of the Directors present. Advance notice shall be 48 hours, which may be waived by unanimous agreement of the Directors.

B. The corporation's Articles of Incorporation may be amended, or new Articles of Incorporation adopted, by the Board of Directors at a meeting by a two-thirds vote of the Directors present. Advance notice shall be 48 hours, which may be waived by unanimous agreement of the Directors.

ARTICLE XI. Dissolution of the Corporation

A. The Board of Directors may dissolve the corporation only by a unanimous vote.

B. A resolution to dissolve the corporation must also include an up-to-date financial report and provisions to distribute the assets and property of the corporation.

C. In the event of the liquidation, dissolution, or winding up of the affairs of the corporation, whether voluntary, involuntary, or by operation of law, the Board of Directors shall, except as may be otherwise provided by law, transfer all of the assets of the corporation in such manner as the Directors, in the exercise of their discretion, may by a majority vote determine.

ARTICLE XII. Parliamentary Authority

Robert's Rules of Order, Newly Revised, by Sarah Corbin Robert, shall be used in all cases not covered by these bylaws.

AMENDMENTS TO BY-LAWS
OF
DRCNET FOUNDATION, INC.

as adopted on _____, 1997

Article third, section B, shall be amended to read "The number of members of the Board of Directors of the corporation shall be an odd number greater than or equal to three, except that the number may differ from these requirements following the resignation or removal of any Director".

In Article third, section D, the second sentence shall be amended to read: "(Exception: The term of office of each of the original seven Directors of the corporation shall be one, two, three, one, two, one and two years respectively.)"

Article eleventh, section C, shall be amended to read "In the event of the liquidation, dissolution, or winding up of the affairs of the corporation, whether voluntary, involuntary, or by operation of law, the Board of Directors shall, except as may be otherwise provided by law, transfer all of the assets of the corporation in such manner as the Directors, in the exercise of their discretion, may by a majority vote determine, and in accordance with the Articles of Incorporation and the requirements of section 501(c)(3) of the Internal Revenue Code or any future federal tax code."

ATTACHMENT 1

The DRCNet Foundation will conduct public education through the provision of information and opinion on drug policy on the world-wide-web. The Foundation's web sites will include information on the consequences of drug prohibition and the war on drugs, and on related topics, including, but not limited to, drug education, mandatory minimum sentencing, methadone maintenance, needle exchange, drug-related AIDS, the role of the military in the war on drugs, law-enforcement views on the drug war, and other nations' drug policies. The Foundation will provide sophisticated reasoning and evidence making the case for public health-based approaches to drug abuse as alternatives to criminalization. This activity will further our exempt purpose by helping to elevate the quality of the public debate on drug policy. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling. This activity is expected to take up roughly 40% of the Foundation's time.

The Foundation will disseminate informational bulletins on drug policy via e-mail, Internet discussion forums, fax, and post. The Foundation's bulletins will often contain pointers to relevant informational resources on the Internet or to other organizations. This activity will further our exempt purpose by informing our members and other readers of events, resources, and current issues relevant to drug policy. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling. This activity will take up roughly 25% of the Foundation's time.

The Foundation will provide e-mail discussion groups and world-wide-web chat rooms and forums on a variety of topics, including general drug policy discussion, harm reduction (health-based policy alternatives and health outreach strategies), needle exchange programs, industrial hemp, medical marijuana, chronic pain and other topics, as well as general drug policy debate forums. The Foundation will perform mailings, and staff will attend conferences and meetings, for the purpose of promoting these discussion groups and enhancing the quality and quantity of list participation. This activity will further our exempt purpose by informing and connecting persons with an interest in drug policy, fostering public debate, and collecting information on drug policy and its impact. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling. This activity will take up roughly 15% of the Foundation's time.

The Foundation will produce articles on drug policy to appear in other organizations' newsletters and on the Foundation's web site. This activity will further our exempt purpose by informing readers on events and topics related to drug policy. This activity will be carried out by staff, with help from interns and volunteers. Work will be carried out for the most part within the Foundation's office, though staff may at times do such work at home or while traveling. This activity will take up roughly 10% of the Foundation's time.

The Foundation will provide information relevant to drug policy to persons in the media. This activity will further our exempt purpose by helping to elevate the quality of media coverage of drug policy, thereby fostering an informed public debate. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling, and may meet with media personnel in person at other locations. This activity will take up roughly 10% of the Foundation's time.

It is anticipated that the Foundation will commence these activities during January 1998.

ATTACHMENT 2

The DRCNet Foundation plans to submit grant proposals to foundations, including the Drug Policy Foundation, but also to other foundations with which we do not yet have established relationships. The Foundation plans to make requests from major donors who have supported similar organizations, to cultivate relationships with new prospective donors. The Foundation plans to rent mailing lists from similar organizations, at fair market value, and to perform fundraising appeals using those lists. The Foundation may on occasion receive volunteer services from a professional fundraiser with whom we have an established relationship.

Sample solicitation material does not yet exist.

ATTACHMENT 3

Board of Directors:

David Borden

[REDACTED]
Washington, D.C. [REDACTED]

Keith Cylar

[REDACTED]
New York, NY [REDACTED]

Dawn Day

[REDACTED]
Princeton, NJ [REDACTED]

Cheryl Epps

[REDACTED]
Washington, D.C. [REDACTED]

Richard M. Evans

[REDACTED]
Northampton, MA [REDACTED]

Clifford A. Schaffer

[REDACTED]
Canyon Country, CA [REDACTED]

Joey Tranchina

[REDACTED]
Redwood City, CA [REDACTED]

Officer Assignments:

Chair:

Dawn Day

President:

David Borden

Vice-President:

Clifford A. Schaffer

Secretary:

Richard M. Evans

Treasurer:

Joey Tranchina

Annual Compensation:

David Borden will receive a projected annual compensation of \$27,200.

ATTACHMENT 4

Financial Data -- Schedules and Notes

Compensation of officers, directors, and trustees (page 8, line 17)

Name	Position	Time devoted	Annual salary
David Borden	President	40 hours or more per week	\$27,200*

*The \$33,400 figure in line 17 is based on total expenses, including payroll taxes and benefits.

Other Expenses (page 8, line 22)

Category	Amount
Computer-related	\$1,700
Conferences	\$2,550
Internet fees	\$1,700
Miscellaneous	\$850
Postage & Delivery	\$1,275
Printing & Reproduction	\$2,550
Telephone	\$3,400
Training	<u>\$680</u>
TOTAL	\$14,705

Form **872-C**

(Rev. April 1996)

Department of the Treasury
Internal Revenue Service**Consent Fixing Period of Limitation Upon
Assessment of Tax Under Section 4940 of the
Internal Revenue Code**

(See instructions on reverse side.)

OMB No. 1545-0056

To be used with
Form 1023. Submit
in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

DRCNet Foundation, Inc.*(Exact legal name of organization as shown in organizing document)***4455 Connecticut Ave., NW, Suite B-500
Washington, DC 20008***(Number, street, city or town, state, and ZIP code)*

and the

District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

Consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year **December 31, 1997**
*(Month, day, and year)***DRCNet Foundation, Inc.**

Name of organization (as shown in organizing document)

David Borden

Date

August 13, 1997

Officer or trustee having authority to sign

Signature ► *David Borden*Title ► **President****For IRS use only**

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)

Date

By ►

For Paperwork Reduction Act Notice, see page 1 of the Form 1023 Instructions.

Cat. No. 16905Q

Form **872-C****Consent Fixing Period of Limitation Upon
Assessment of Tax Under Section 4940 of the
Internal Revenue Code**

OMB No. 1545-0056

(Rev. April 1996)

To be used with
Form 1023. Submit
in duplicate.Department of the Treasury
Internal Revenue Service

(See instructions on reverse side.)

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

DRCNet Foundation, Inc.*(Exact legal name of organization as shown in organizing document)*4455 Connecticut Ave., NW, Suite B-500
Washington, DC 20008*(Number, street, city or town, state, and ZIP code)*

and the

District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

Consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year December 31, 1997
*(Month, day, and year)*DRCNet Foundation, Inc.

Name of organization (as shown in organizing document)

Date

David BordenAugust 13, 1997

Officer or trustee having authority to sign

Signature ▶

David BordenTitle ▶ President**For IRS use only**

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)

Date

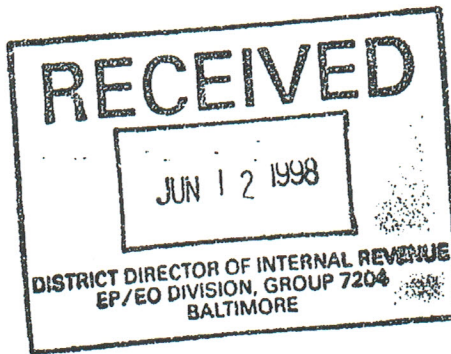
By ▶

For Paperwork Reduction Act Notice, see page 1 of the Form 1023 Instructions.

Cat. No. 16905Q

DRCNet Foundation, Inc.
2000 P St., NW, Suite 615
Washington, DC 20036

Ms. D. Schaal
Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201



6/11/98

Re: DRCNet Foundation Inc./Application for Recognition of Exemption Under Code
Section 501(c)(3), EIN: 52-2034867, DLN: 17053231110007

Dear Ms. Schaal:

Enclosed is the information I sent to you last February, in response to your December letter. Please note our new mailing address, at the top of this letter, and our new telephone numbers, (202) 293-8340 (voice) and (202) 293-8344 (fax). Thank you for your kind attention. I understand that you were out of the office during the time I had left messages, and were thus unable to respond for that reason. I am glad you are back, and hope that you are well and enjoying the summer. Take care.

Sincerely,

David Borden
President

DRCNet Foundation, Inc.
2000 P St., NW, Suite 615
Washington, DC 20036

Ms. D. Schaal
Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

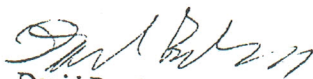
2/24/98

Re: DRCNet Foundation Inc./Application for Recognition of Exemption Under Code
Section 501(c)(3), EIN: 52-2034867, DLN: 17053231110007

Dear Ms. Schaal:

Following is the information requested in your letter of October 14, 1997, and again in the District Director's letter of December 12, 1997, required for determination of DRCNet Foundation Inc.'s tax-exempt status. Please note our new mailing address, at the top of this letter, and our new telephone numbers, (202) 293-8340 (voice) and (202) 293-8344 (fax). Thank you for your kind attention.

Sincerely,



David Borden
President

Submit a detailed description of all of the activities of the organization:

DRCNet Foundation Inc. ("Foundation") will conduct public education by providing of information on drug policy on the world-wide-web. This will be an ongoing, permanent activity of the Foundation. The Foundation's web sites will include information on the consequences of drug prohibition and the war on drugs, and on related topics, including, but not limited to, drug education, mandatory minimum sentencing, methadone maintenance, needle exchange, drug-related AIDS prevention, the role of the military in the war on drugs, law-enforcement views on the drug war, and other nations' drug policies. The Foundation will provide sophisticated reasoning and evidence in advocating the case for public health-based approaches to drug abuse as alternatives to criminalization. This activity will further the Foundation's exempt purpose by helping to elevate the quality of the public debate on drug policy. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling. This activity is expected to take up approximately 40% of the Foundation's time. Persons or organizations will have unrestricted access to all portions of the Foundation's web sites. The Foundation does not anticipate charging a fee for access to its web sites.

The Foundation will disseminate informational bulletins on drug policy via e-mail, Internet discussion forums, fax, and mail. This will be an ongoing, permanent activity of the Foundation. The Foundation's bulletins will often point to relevant informational resources on the Internet or to other organizations. This activity will further the Foundation's exempt purpose by informing its members and other readers of events, resources, and current issues relevant to drug policy. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling. Persons or organizations will have access to the Foundation's bulletins on the Internet for no charge. This activity will take up approximately 25% of the Foundation's time.

The Foundation will provide e-mail discussion groups and world-wide-web chat rooms and forums on a variety of topics, including general drug policy discussion forums, harm reduction (health-based policy alternatives and health outreach strategies), needle exchange programs, industrial hemp, medical marijuana, chronic pain and other topics. These activities will be an ongoing, permanent part of the Foundation's work. The Foundation will disseminate mailings, and staff will attend conferences and meetings, for the purpose of promoting these discussion groups and enhancing the quality and quantity of forum participation. This activity will further the Foundation's exempt purpose by informing and connecting persons having an interest in drug policy, fostering public debate, and collecting information on drug policy and its impact. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling. Persons or organizations will

have access to the Foundation's electronic discussion groups at no charge. This activity will take up approximately 15% of the Foundation's time.

The Foundation will produce articles on drug policy to appear in other organizations' newsletters and on the Foundation's web site. This will be an ongoing, permanent part of the Foundation's work. This activity will further the Foundation's exempt purpose by informing readers on events and topics related to drug policy. This activity will be carried out by staff, with help from interns and volunteers. Work will be carried out for the most part within the Foundation's office, though staff may at times do such work at home or while traveling. It is anticipated at this point that the Foundation's articles will be made available free of charge. This activity will take up approximately 10% of the Foundation's time.

The Foundation will provide information relevant to drug policy to persons in the media. This will be an ongoing, permanent part of the Foundation's work. This activity will further the Foundation's exempt purpose by helping to elevate the quality of media coverage of drug policy, thereby fostering an informed public debate. This activity will be carried out by staff, with help from interns and volunteers. Work will take place in the Foundation's office, with the exception that some volunteers will perform work off-site. Staff may at times do such work at home or while traveling, and may meet with media personnel in person at other locations. This activity will take up roughly 10% of the Foundation's time.

It is anticipated that the Foundation will commence these activities within the next few months.

Submit copies of any contracts, leases, or other agreements in which the organization is a party:

The Foundation is not a party to any contracts, leases or other agreements.

If the organization pays, has paid or will pay compensation to...persons who are officers, directors, or trustees... submit the following:

a) The name and title or relationship of such person to whom payment will be paid:

David Borden, President/Executive Director

b) The nature and/or purpose of payments:

Salary for work as President/Executive Director

c) A detailed description of the positions filled:

The President/Executive Director will be responsible for organizational decision-making and maintenance in the broadest sense. Duties will include writing and editing bulletins, articles and educational presentations, overseeing the Foundation's world-wide-web sites, overseeing financial and administrative matters, fund raising, press relations, attending conferences and representing the Foundation at public events.

d) The amount of time each person devotes to the position:

It is anticipated that the President/Executive Director will devote approximately 85 percent of a full-time salaried position to working for the Foundation. If the percentage of time spent working for the Foundation varies up or down, the salary will be adjusted proportionally.

e) The qualifications of such persons for the position:

David Borden has been involved for over four years in Internet-based drug policy reform education and, hence, is uniquely qualified to serve as President/Executive Director of the Foundation.

f) If any such person is employed outside the organization, the hours per week and weeks per year devoted to such outside employment.

The President/Executive Director will not be employed outside the Foundation.

g) Who determines compensation to be paid? What criteria is used to determine compensation?

Final decisions on compensation are made by the board of directors, who will take into account salaries paid for comparable work performed for other similarly situated organizations or companies, local and individual cost of living indices, and other available resources.

h) How will you insure that all compensation paid is reasonable and in return for services rendered?

The Foundation intends to adopt a written conflict of interest policy and a compensation review policy to ensure that interested parties do not control their compensation. This policy will require, among other things, full disclosure of interest and abstention from voting by any interested party who is a director and whose compensation is being considered by the board of directors. The board of directors intends to review compensation and other financial transactions with officers, directors, and the executive director in light of "objective" data relating to compensation, e.g., comparative salary and benefits studies as well as surveys of what other officers, directors, and executive directors earn who are employed with similarly situated organizations. These policies will require the board of directors to consider "market-based" studies, give them due weight and apply

them conscientiously in determining compensation to be paid. These actions will be documented in the minutes of the board of directors' meetings. In addition, the Foundation intends to monitor the productivity of the organization and of the officers, directors, and the executive director to ensure that reasonable compensation is paid in exchange for services rendered on behalf of the organization.

i) Does the organization plan to pay any of the personal living expenses of employees, directors, officers, founders, members, etc?

No. All compensation will be in the form of salary and appropriate benefits such as health insurance.

Will any part of your facilities be shared with any private practice, office or other commercial operation, or as a residence?

No.

State how your property was acquired.

The Foundation does not own any property.

Your organizing document needs to be amended to reflected the required 501(c)(3) language.

Attached to this letter is a copy of the articles of amendment to the articles of incorporation of the Foundation which were filed on February 19, 1997. The articles of amendment contain the paragraphs the Internal Revenue Service requested be added. Please note, however, that the first sentence of the second "checked" paragraph, relating to the prohibition against private inurement, was included in the organization's original articles of incorporation as part of article Seventh (b), and was not repeated in the articles of amendment.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
BUSINESS REGULATION ADMINISTRATION



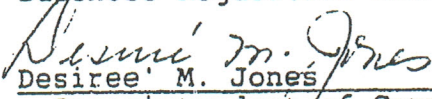
C E R T I F I C A T E

THIS IS TO CERTIFY that all applicable provisions of the DISTRICT
OF COLUMBIA NONPROFIT CORPORATION ACT have been complied with and
accordingly, this CERTIFICATE of AMENDMENT is hereby issued to
DRCNET FOUNDATION, INC.

as of FEBRUARY 19th , 1998 .

W. David Watts
Director

Patricia A. Montgomery
Administrator
Business Regulation Administration


Desiree M. Jones
Act. Asst. Superintendent of Corporations
Corporations Division

Marion Barry, Jr.
Mayor

ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION
OF
DRCNET FOUNDATION, INC.

TO:
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
BUSINESS REGULATION ADMINISTRATION
CORPORATIONS DIVISION
614 H STREET, N.W. ROOM 407
WASHINGTON, D.C. 20001

Pursuant to the provisions of the District of Columbia non-profit Corporation Act, the undersigned adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is: DRCNet Foundation, Inc.

SECOND: The following amendment of the Articles of Incorporation was adopted by the Corporation in the manner prescribed by the District of Columbia Non-profit Corporation Act:

Article Third, paragraph one, shall be amended to read as follows:

"The purpose for which the corporation is organized is to heighten public awareness of the consequences of drug policies, including but not limited to the current war on drugs; and to promote rational debate on drug prohibition and alternatives to total prohibition. The corporation is organized exclusively for charitable and education purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code."

Article Seventh, paragraph (a), shall be amended to read as follows:

"No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code."

9 FEB 1991

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Article Seventh, paragraph (c), shall be amended to read as follows:

"Upon the dissolution of this corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated to achieve similar purposes to this corporation, for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes."

In Article Ninth, paragraph one, the phrase ~~"The number of Directors constituting the initial Board of Directors is eight"~~ shall be struck and replaced with "The number of Directors constituting the Board of Directors shall be an odd number greater than or equal to three, except that the number may differ from these requirements following the resignation or removal of any Director".

D.B.

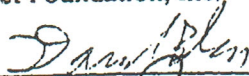
THIRD: The amendment was adopted in the following manner: The amendment was adopted at a meeting of the Board of Directors held on October 17, 1997, and received 15 the vote of a majority of the Directors in office, there being no members having voting rights in respect thereof.

D.B.

Date: 12/11/97

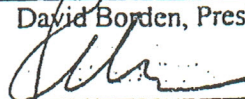
DRCNet Foundation, Inc.

By



David Borden, President

ATTEST:



Richard Evans, Secretary

**DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER
AND REGULATORY AFFAIRS**

I hereby certify that this is a true
and complete copy of the document
filed in this office, the Corporations
Division of the Business Regulation
Administration, and that this docu-
ment was admitted to record in
File # 911346

Amendment

Date of Certification 2-19 1998

Act. Asst.

Superintendent of Corporations

By

William M. Jones

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: 10/14/97

DRUMET FOUNDATION INC
4455 CONNECTICUT AVE NW STE B 500
WASHINGTON, DC 20008

Employer Identification Number:

52-2034867

DLN:

17053231110007

Contact Person:

MS. D. SCHAAAL

Contact Telephone Number:

(410) 962-4787

Response Due Date:

November 11, 1997

Dear Applicant:

Before we can recognize your organization as being exempt from Federal income tax, we must have enough information to show that you have met all legal requirements. You did not include the information needed to make that determination on your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

We will be glad to consider your application when you submit the items listed on the attached sheet by the Response Due Date shown above. An extension of time to submit the requested information may be granted for good cause. If you need an extension, you must request it before the response due date.

If we do not hear from you within that time, we will assume that you do not want us to consider the matter further and will close your case. In accordance with Code section 6104(c), we will notify the appropriate state officials that we are unable to recognize you as an organization described in Code section 501(c)(3). Your user fee payment will be forfeited after 90 days and another fee will be required if you wish to re-apply at a later date.

In addition, if you do not provide the requested information in a timely manner, we will consider that you have not taken all reasonable steps to secure the determination you requested. Under Code section 7428(b)(2), this may be considered as failure to exhaust administrative remedies available to you within the Service and you may lose your rights to a declaratory judgement under Code section 7428.

PLEASE ATTACH A COPY OF THIS LETTER TO ALL CORRESPONDENCE.

Letter 1312 (DC/PL)

DRCNET FOUNDATION INC

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Sincerely yours,

Exempt Organization Specialist

Enclosures:

List of Missing Items

DRCNET FOUNDATION INC

Submit a detailed description of all of the activities of the organization - past, present, and planned showing how you operate or will operate to achieve your purposes. Each activity should be separately described, and the description should include as a minimum, the following:

- a) Its purpose and nature.
- b) Frequency and duration.
- c) How, when, where and by whom it was, is, or will be conducted.
- d) The requirements a person or organization must meet in order to participate in or receive benefit from the activity.
- e) The amounts of any charges or fees and the basis for the amount.
- f) What the activity has accomplished or will accomplish.
- g) State what percentage of the total time and effort of the organization is devoted to carrying out each activity.

Submit copies of any contracts, leases, or other agreements in which the organization is a party. Explain any relationship outside of these contracts where an officer or director of the organization may be involved with the contracted parties, i.e., the contracted company may be owned by an officer or the organization.

If the organization pays, has paid or will pay compensation to or on behalf of persons who are officers, directors, or trustees or members of their families, or to any other individual who is, or will be employed by your organization, submit the following:

- a) The name and title or relationship of such person to whom payment has been, is being or will be paid.
- b) The nature and/or purpose of payments (i.e., salary, wage, housing allotment, car allowance, etc, and the amount of payment made or to be made on behalf of such person. If payments are to be in more than one category, state each separately.
- c) A detailed description of the positions filled by the duties and services for which compensation will be paid.
- d) The amount time each person devotes to the position (if prospective, how will the payment be affected by an upward or downward adjustment in time based on need of the organization?)
- e) The qualifications (training, background, experience of such persons for the position, duties, services.
- f) If any such person is employed outside the organization, the hours per week and weeks per year devoted to such outside employment.
- g) Who determines compensation to be paid? What criteria is used to determine compensation?
- h) How do you or will you insure that all compensation paid is "reasonable" and in return for services rendered?
- i) Does the organization pay or plan to pay any of the personal living expenses of employees, directors, officers, founders, members, etc? If so, explain in detail. Be specific.

DRCNET FOUNDATION INC

Will any part of your facilities be shared with any private practice, office or other commercial operation, or as a residence? If so, submit details including how cost shares are determined, including appropriate allocation of rent, utilities, telephone, staff, and other charges shared.

State how your property was acquired and whether it was acquired from an officer, director, trustees, or other related party (including family members, or a company in which such person has a financial interest). If so, discuss details and state how, and by whom, and on what basis, fair market (or rental) value was determined.

Your organizing document needs to be amended to reflect the required 501(c)(3) language. Enclosed is the language to be used when filing your articles with the state.

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **DEC 11 1997**

DRCNET FOUNDATION INC
4455 CONNECTICUT AVE NW STE 2 500
WASHINGTON, D: 20008

Employer Identification Number:
52-20345

DLN:
17053231110007

Contact Person:
MS. D. SCHAAL

Contact Telephone Number:
(410) 962-9527

Our Letter Dated:
10/14/97

Form:
1120

Tax Years:
ALL

90-Day User Fee Response Date:

MAR 11 1998

Dear Applicant:

On the above date we wrote you about your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. In that letter we asked you to send us additional information to show that you have met all legal requirements. To date we have not received the information necessary to make a determination of your tax-exempt status.

We therefore cannot process your application for recognition under Code section 501(c)(3) and have closed your case. Contributions to your organization are not deductible under Code section 170. In accordance with Code section 6104(c), we will notify the appropriate state officials of this action. If you want further consideration, please send us a new Form 1023.

User fees are not refundable for requests that are closed because information necessary to make a determination is not received. However, if you send us a new Form 1023 within 90 days from the date of this letter, no additional amount is due. If you send a new Form 1023 more than 90 days after the date of this letter, another user fee payment is required.

If you do send us a new Form 1023, PLEASE ATTACH A COPY OF THIS LETTER and be sure your application includes the information we requested in our earlier letter referred to above.

Section 7428 of the Code provides for bringing suit for a declaratory judgment in the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia with respect to this determination. However, section 7428(b)(2) of the Code provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Since you have not provided the information needed, this may be considered as failure to exhaust administrative remedies available to you within the Service. Therefore, you may lose your rights to a declaratory judgment under

Letter 1314 (L-96)

DRONET FOUNDATION INC

Code section 7428.

You are required to file Federal income tax returns on the form and for the years shown in the heading of this letter. File these returns with your key District Director for exempt organization matters within 60 days from the date of this letter, unless a request for an extension of time is granted. We will not delay processing of income tax returns and assessment of any taxes due because of your bringing suit for declaratory judgment under Code section 7428. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

If you have any questions about this matter, please write to the person whose name is shown at the bottom of this letter, or you may call that person at the telephone number shown. If you write to us, please provide your telephone number and the most convenient time for us to call in case we need more information.

Thank you for your cooperation.

Sincerely yours,



District Director

Enclosures:
Form 1023/Attachments

DRENET FOUNDATION INC

Please submit a response to the above reference letter within the 90 day date.