

PUBLIC DISCLOSURE COPY

Form 990

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

1998

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

A For the 1998 calendar year, OR tax year period beginning 7/29, 1998, and ending 12/31, 1998

B Check if: Change of address

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: DRCNET FOUNDATION
Number and street (or P.O. box if mail is not delivered to street address): 2000 P ST NW
Room/suite: 615
City or town, state or country, and ZIP+4: WASHINGTON, DC 20036

D Employer identification number: 52-2034867
E Telephone number: 202-293-8340
F Check if exemption application is pending: [X]

G Type of organization: [X] Exempt under 501(c)(3) (insert number 3) OR [] section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(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 [X] No
(b) If "Yes," enter the number of affiliates for which this return is filed:
(c) Is this a separate return filed by an organization covered by a group ruling? [] Yes [X] No
I If either box in H is checked "Yes," enter four-digit group exemption number (GEN)
J Accounting method: [] Cash [X] Accrual [] 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 I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Table with 21 rows and 4 columns. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue; 3 Membership dues; 4 Interest on savings; 5 Dividends; 6 a Gross rents; 6 b Less: rental expenses; 6 c Net rental income; 7 Other investment income; 8 a Gross amount from sale of assets other; 8 b Less: cost or other basis; 8 c Gain or (loss); 8 d Net gain or (loss); 9 Special events and activities; 10 a Gross sales of inventory; 10 b Less: cost of goods sold; 10 c Gross profit or (loss); 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets; 21 Net assets or fund balances at end of year.

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

Form 990 (1998)

Part II Statement of Functional Expenses		All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.			
Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule)				
	cash \$ _____ noncash \$ _____				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	3,649.	2,431.	1,085.	133.
26	Other salaries and wages	12,355.	11,589.	211.	555.
27	Pension plan contributions				
28	Other employee benefits	2,262.	1,982.	183.	97.
29	Payroll taxes				
30	Professional fundraising fees				
31	Accounting fees	418.		418.	
32	Legal fees	101.		101.	
33	Supplies	645.	565.	52.	28.
34	Telephone	258.	34.	133.	91.
35	Postage and shipping	1,230.	1,111.	119.	
36	Occupancy	1,218.	1,067.	99.	52.
37	Equipment rental and maintenance				
38	Printing and publications	131.		7.	124.
39	Travel	2,172.	1,396.	55.	721.
40	Conferences, conventions, and meetings	987.	987.		
41	Interest				
42	Depreciation, depletion, etc. (attach schedule)	704.		704.	
43	Other expenses (itemize):				
a	_____				
b	_____				
c	_____				
d	_____				
e	SEE STATEMENT 2	7,395.	6,310.	1,045.	40.
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	33,525.	27,472.	4,212.	1,841.

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? **SEE STATEMENT 3**

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

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

a	EDUCATE THE PUBLIC ON THE ISSUES RELATING TO DRUG POLICY REFORM THROUGH WEBSITES, & EDUCATIONAL ARTICLES THE FOUNDATION PRODUCED NEARLY 200 EDUCATIONAL ARTICLES ON DRUG POLICY. (Grants and allocations \$ _____)	22,572.
b	PRODUCED A 4-6 MINUTE WEEKLY SYNDICATED RADIO PROGRAM "THE DRUG COORDINATION NETWORK NEWS". THE FOUNDATION PRODUCED 13 PROGRAMS IN 1998. (Grants and allocations \$ _____)	1,549.
c	DISTRIBUTION OF EDUCATIONAL BOOKS TITLED "MARIJUANA MYTHS, MARIJUANA FACTS: A REVIEW OF SCIENTIFIC EVIDENCE", AND "SHATTERED LIVES: PORTRAITS FROM AMERICA 'S DRUG WAR" (Grants and allocations \$ _____)	3,351.
d	_____ _____ (Grants and allocations \$ _____)	
e	Other program services (attach schedule) (Grants and allocations \$ _____)	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)	27,472.

Part IV Balance Sheets

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
Assets	45 Cash - non-interest-bearing		45 9,224.
	46 Savings and temporary cash investments		46
	47 a Accounts receivable	47a	
	b Less: allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50
	51 a Other notes and loans receivable	51a	51c
	b Less: allowance for doubtful accounts	51b	
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53 100.
	54 Investments - securities (attach schedule)		54
	55 a Investments - land, buildings, and equipment: basis	55a	
	b Less: accumulated depreciation (attach schedule)	55b	55c
56 Investments - other		56	
57 a Land, buildings, and equipment: basis	57a	11,063.	
b Less: accumulated depreciation STMT 4	57b	704.	
58 Other assets (describe ▶		58	
59 Total assets (add lines 45 through 58) (must equal line 74)		0. 59 19,683.	
Liabilities	60 Accounts payable and accrued expenses		60 7,067.
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees		63 318.
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable		64b
	65 Other liabilities (describe ▶		65
66 Total liabilities (add lines 60 through 65)		0. 66 7,385.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74		
	67 Unrestricted		67
	68 Temporarily restricted		68
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds	0.	70 12,298.
	71 Paid-in or capital surplus, or land, building, and equipment fund	0.	71 0.
	72 Retained earnings, endowment, accumulated income, or other funds	0.	72 0.
	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)	0.	73 12,298.
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	0.	74 19,683.

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part 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?	78b		N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement;	79		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a		X
b	If "Yes," enter the name of the organization SEE STATEMENT 5 and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt.			
81 a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	81a	0.	
b	Did the organization file Form 1120-POL for this year?	81b		X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III)	82b		N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b		N/A
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		N/A
85	501(c)(4), (5), or (6) organizations. - a Were substantially all dues nondeductible by members?	85a		N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b		N/A
c	Dues, assessments, and similar amounts from members	85c		N/A
d	Section 162(e) lobbying and political expenditures	85d		N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g		N/A
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?	85h		N/A
86	501(c)(7) organizations. - Enter:			
a	Initiation fees and capital contributions included on line 12	86a		N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b		N/A
87	501(c)(12) organizations. - Enter: a Gross income from members or shareholders	87a		N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b		N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX	88		X
89 a	501(c)(3) organizations. - Enter: Amount of tax imposed during the year under: section 4911 <u>0.</u> ; section 4912 <u>0.</u> ; section 4955 <u>0.</u>			
b	501(c)(3) and 501(c)(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 DISTRICT OF COLUMBIA			
b	Number of employees employed in the pay period that includes March 12, 1998	90b		0
91	The books are in care of ORGANIZATION Telephone no. 202-293-8340			
	Located at 2000 P ST NW SUITE 615 WASHINGTON DC ZIP + 4 20036			
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041. - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year	92		N/A

Part VII Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

93 Program service revenue:

- (a) _____
- (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

103 Other revenue:

- a _____
- b _____
- c _____
- d _____
- e _____

104 Subtotal (add columns (B), (D), and (E))

105 TOTAL (add line 104, columns (B), (D), and (E))

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 (a)					
93 (b)					
93 (c)					
93 (d)					
93 (e)					
93 (f)					
93 (g)					
94					
95			14	25.	
96					
97					
97 (a)					
97 (b)					
98					
99					
100					
101					
102					
103 a					
103 b					
103 c					
103 d					
103 e					
104		0.		25.	0.
105 TOTAL					25.

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes

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).
▼	

Part IX Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on 88 is checked.)

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	%			
	%			
	%			
	%			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here: Signature of officer: _____ Date: _____ **DAVID BORDEN, PRESIDENT** Type or print name and title

Paid Preparer's Use Only: Preparer's signature: **COPY** Date: 07/15/99 Check if self-employed: Preparer's SSN: _____ Firm's name (or yours if self-employed) and address: **MAY & BARNHARD, PC, CPA** 4840 CORDELL AVENUE BETHESDA, MD EIN: _____ ZIP+4: 20814

SCHEDULE A (Form 990)

Organization Exempt Under Section 501(c)(3)

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

OMB No. 1545-0047

1998

Department of the Treasury Internal Revenue Service

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

Name of the organization DRCNET FOUNDATION Employer identification number 52 2034867

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.")

Table with 5 columns: (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. Row 1 contains 'NONE'. Total number of other employees paid over \$50,000 is 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.")

Table with 3 columns: (a) Name and address of each independent contractor paid more than \$50,000, (b) Type of service, (c) Compensation. Row 1 contains 'NONE'. Total number of others receiving over \$50,000 for professional services is 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 III 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? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities. ▶ \$ _____ Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any 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)? <u>SEE PART V, FORM 990</u>	X	
e	Transfer of any part of its income or assets?		X
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 IV 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 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 organization(s)	(b) Line number from above

- 14 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.

Table with columns for calendar year (1997, 1996, 1995, 1994) and Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends, amounts received from payments on securities loans; 19 Net income from unrelated business activities; 20 Tax revenues levied for the organization's benefit; 21 The value of services or facilities furnished to the organization by a governmental unit without charge; 22 Other income; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23; 26 Organizations described in lines 10 or 11: a Enter 2% of amount in column (e), line 24; b Attach a list showing the name of and amount contributed by each person; c Total support for section 509(a)(1) test; d Add: Amounts from column (e) for lines 18, 19, 22, 26b; e Public support (line 26c minus line 26d total); f Public support percentage (line 26e (numerator) divided by line 26c (denominator)); 27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person,' attach a list to show the name of, and total amounts received in each year from, each 'disqualified person.'; 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; 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); f Total support for section 509(a)(2) test; g Public support percentage (line 27e (numerator) divided by line 27f, (denominator)); h Investment income percentage (line 18 column (e) (numerator) divided by line 27f (denominator)); 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.

NONE

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

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

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

4-Year Averaging Period Under Section 501(h)

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

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 1998	(b) 1997	(c) 1996	(d) 1995	
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

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

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.

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:

Table with 3 columns: Question, Yes, No. Rows include 51a(i) Cash, a(ii) Other assets, b Other transactions (i-vi), and 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.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'SEE STATEMENT 6'.

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? [X] Yes [] No

b If "Yes," complete the following schedule.

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1: DRUG REFORM COORDINATION NETWORK, 501 C (4) NONPROFIT, SAME BOARD OF DIRECTORS SHARED SPACE & COSTS.

Depreciation and Amortization Detail FORM 990 PAGE 2

990

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
1	TRANSFERRED COMPUTER EQUIPMENT							
	09/01/98	SL	5.00	19	6,870.			458.
2	NOTEBOOK COMPUTER							
	07/29/98	SL	5.00	19	1,180.			98.
3	ZIP DRIVE							
	09/30/98	SL	5.00	19	165.			8.
4	COMPUTER							
	11/09/98	SL	5.00	19	715.			24.
	** 990 PAGE 2 TOTAL -							
					8,930.		0.	588.
5	FURNITURE							
	09/01/98	SL	7.00	19	1,405.			67.
	** 990 PAGE 2 TOTAL -							
					1,405.		0.	67.
6	OFFICE EQUIPMENT							
	09/01/98	SL	5.00	19	455.			30.
7	RECORDER							
	09/22/98	SL	5.00	19	103.			5.
	** 990 PAGE 2 TOTAL -							
					558.		0.	35.
8	SOFTWARE							
	10/20/98	SL	2.00	19	170.			14.
	** 990 PAGE 2 TOTAL -							
					170.		0.	14.
	** GRAND TOTAL 990 PAGE 2 DEPRECIATION							
					11,063.		0.	704.

- Current year section 179 (D) - Asset disposed

FORM 990	OTHER EXPENSES			STATEMENT 2
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
BANK FEES	40.		40.	
BOOK SUBSIDY	3,351.	3,351.		
DUES SUBSCRIPTIONS	100.		100.	
LIABILITY INSURANCE	173.	152.	14.	7.
INSURANCE WORKMENS COMP	124.	109.	10.	5.
INTERN EXPENSE	185.		185.	
INTERNET HOSTING	164.	164.		
INTERNET ACCESS	492.	431.	40.	21.
LICENSES PERMITS	150.		150.	
LITERATURE	194.	194.		
MISCELLANOUS	295.		295.	
PAYROLL ADMINISTRATION	185.		185.	
RADIO SHOW	116.	116.		
STUDIO USAGE	1,370.	1,370.		
OTHER SUPPLIES	159.	139.	13.	7.
TRAINING	233.	220.	13.	
AUDIO SUPPLIES	64.	64.		
TOTAL TO FM 990, LN 43	7,395.	6,310.	1,045.	40.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 3
PART III

EXPLANATION

EDUCATE THE PUBLIC AND INCREASE PUBLIC AWARENESS OF THE EFFECTS OF DRUG
POLICIES: TO PROMOTE DEBATE ON DRUG PROHIBITION & ALTERNATIVES :
TO PROMOTE POSITIVE REFORM IN DRUG LAWS

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 4

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
TRANSFERRED COMPUTER EQUIPMENT	6,870.	458.	6,412.
NOTEBOOK COMPUTER	1,180.	98.	1,082.
ZIP DRIVE	165.	8.	157.
COMPUTER	715.	24.	691.
FURNITURE	1,405.	67.	1,338.
OFFICE EQUIPMENT	455.	30.	425.
RECORDER	103.	5.	98.
SOFTWARE	170.	14.	156.
TOTAL TO FORM 990, PART IV, LN 57	11,063.	704.	10,359.

FORM 990 IDENTIFICATION OF RELATED ORGANIZATIONS STATEMENT 5
PART VI, LINE 80B

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
DRUG REFORM COORDINATION NETWORK 501(C)(4)	X	

SCHEDULE A INVOLVEMENT WITH NONCHARITABLE ORGANIZATIONS STATEMENT 6
PART VII, LINE 51

(A) LINE NO.	(B) AMOUNT INVOLVED	(C) NAME OF NONCHARITABLE EXEMPT ORGANIZATION	(D) DESCRIPTION OF TRANSFERS, TRANSACTIONS, AND SHARING ARRANGEMENTS
B II	8,730.	DRUG REFORM COORDINATION NETWORK	PURCHASED EQUIPMENT & FURNITURE
IV	1,218.	DRUG REFORM COORDINATION NETWORK	SHARED RENTAL EXPENSE
IV	298.	DRUG REFORM COORDINATION NETWORK	SHARED INSURANCE EXPENSE
IV	565.	DRUG REFORM COORDINATION NETWORK	SHARED INTERNET ACCESS FEES
C IV	16,004.	DRUG REFORM COORDINATION NETWORK	SHARED COMMON PAYROLL MASTER
V	3,959.	DRUG REFORM COORDINATION NETWORK	LOAN DUE TO AFFILIATE

Form **4562**
Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization

(Including Information on Listed Property) 990

OMB No. 1545-0172

1998

Attachment
Sequence No. 67

▶ See separate instructions. ▶ Attach this form to your return.

Name(s) shown on return: **DRCNET FOUNDATION**
Business or activity to which this form relates: **FORM 990 PAGE 2**
Identifying number: **52-2034867**

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see instructions	18,500.
2	Total cost of section 179 property placed in service	
3	Threshold cost of section 179 property before reduction in limitation	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1997	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions

Section B - General Depreciation System (GDS) (See instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	

Section C - Alternative Depreciation System (ADS) (See instructions.)

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

Part III Other Depreciation (Do Not Include Listed Property.) (See instructions.)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1998	17	
18	Property subject to section 168(f)(1) election	18	
19	ACRS and other depreciation	19	704.

Part IV Summary (See instructions.)

20	Listed property. Enter amount from line 26	20	
21	Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	704.
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

LHA For Paperwork Reduction Act Notice, see the separate instructions. Form 4562 (1998)

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

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

23a Do you have evidence to support the business/investment use claimed? Yes No 23b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
--	-------------------------------	--	-------------------------------	--	---------------------------	------------------------------	----------------------------------	---------------------------------------

24 Property used more than 50% in a qualified business use:

		%						
		%						
		%						

25 Property used 50% or less in a qualified business use:

		%				S/L -		
		%				S/L -		
		%				S/L -		

26 Add amounts in column (h). Enter the total here and on line 20, page 1 26

27 Add amounts in column (i). Enter the total here and on line 7, page 1 27

Section B - Information on Use of Vehicles

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

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

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

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

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1998 tax year:					
41 Amortization of costs that began before 1998					41
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return					42

- CURRENT YEAR FEDERAL - DRCNET FOUNDATION

DEPRECIATION REPORT

ASSET NUMBER	DESCRIPTION OF PROPERTY	DATE ACQUIRED		COST OR OTHER BASIS	SALVAGE, ITC BASIS, ADJUSTMENT, SECTION 179/BONUS	ACCUMULATED DEPRECIATION	METHOD/ IRC SEC.	LIFE OR RATE	AMOUNT OF DEPRECIATION FOR 1998
		MO	DAY						
1	TRANSFERRED COMPUTER EQUIPMENT	09	01	198			SL	5.00	458.
2	NOTEBOOK COMPUTER	07	29	198			SL	5.00	98.
3	ZIP DRIVE	09	30	198			SL	5.00	8.
4	COMPUTER	11	10	198			SL	5.00	24.
	** 990 PAGE 2 TOTAL -					0.			588.
5	FURNITURE	09	01	198			SL	7.00	67.
	** 990 PAGE 2 TOTAL -					0.			67.
6	OFFICE EQUIPMENT	09	01	198			SL	5.00	30.
7	RECORDER	09	22	198			SL	5.00	5.
	** 990 PAGE 2 TOTAL -					0.			35.
8	SOFTWARE	10	20	198			SL	2.00	14.
	** 990 PAGE 2 TOTAL -					0.			14.
	** GRAND TOTAL 990 PAGE 2 DEPRECIATION					11,063.			704.

- NEXT YEAR FEDERAL - DRCNET FOUNDATION

DEPRECIATION REPORT

ASSET NUMBER	DESCRIPTION OF PROPERTY	DATE ACQUIRED		COST OR OTHER BASIS	SALVAGE, ITC BASIS ADJUSTMENT, SECTION 179/BONUS	ACCUMULATED DEPRECIATION	METHOD/ IRC SEC.	LIFE OR RATE	AMOUNT OF DEPRECIATION FOR 1999
		MO	DAY						
1	TRANSFERRED COMPUTER EQUIPMENT	09	01	198		458.	SL	5.00	1,374.
2	NOTEBOOK COMPUTER	07	29	198		98.	SL	5.00	236.
3	ZIP DRIVE	09	30	198		8.	SL	5.00	33.
4	COMPUTER	11	09	198		24.	SL	5.00	143.
	** 990 PAGE 2 TOTAL -					588.			1,786.
5	FURNITURE	09	01	198		67.	SL	7.00	201.
	** 990 PAGE 2 TOTAL -					67.			201.
6	OFFICE EQUIPMENT	09	01	198		30.	SL	5.00	91.
7	RECORDER	09	22	198		5.	SL	5.00	21.
	** 990 PAGE 2 TOTAL -					35.			112.
8	SOFTWARE	10	20	198		14.	SL	2.00	85.
	** 990 PAGE 2 TOTAL -					14.			85.
	** GRAND TOTAL 990 PAGE 2 DEPRECIATION					11,063.			2,184.