

Form **990**

# Return of Organization Exempt From Income Tax

# 1998

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.

This Form is Open  
to Public Inspection

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

<b>B</b> Check if: <input type="checkbox"/> Change of address  <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return (required also for state reporting)	<b>C</b> Name of organization <b>DRUG REFORM COORDINATION NETWORK</b>	<b>D</b> Employer identification number <b>52-2034866</b>	
	Number and street (or P.O. box if mail is not delivered to street address) <b>2000 P STREET, NW</b>	Room/suite <b>615</b>	<b>E</b> Telephone number <b>(202) 293-8340</b>
	City or town, state or country, and ZIP+4 <b>WASHINGTON, DC 20036</b>	<b>F</b> Check <input type="checkbox"/> if exemption application is pending	

**G** Type of organization  Exempt under 501(c) ( 4 ) (insert number) 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  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  No

**I** If either box in H is checked "Yes," enter four-digit group exemption number (GEN) \_\_\_\_\_

**J** Accounting method:  Cash  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

Revenue	<b>1</b> Contributions, gifts, grants, and similar amounts received:			
	<b>a</b> Direct public support	<b>1a</b>	114,881.	
	<b>b</b> Indirect public support	<b>1b</b>		
	<b>c</b> Government contributions (grants)	<b>1c</b>		
	<b>d</b> Total (add lines 1a through 1c) (attach schedule of contributors) (cash \$ 112,536. noncash \$ 2,345.)	<b>1d</b>	STMT 1 STMT 2	114,881.
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>		
	<b>3</b> Membership dues and assessments	<b>3</b>		30,965.
	<b>4</b> Interest on savings and temporary cash investments	<b>4</b>		85.
	<b>5</b> Dividends and interest from securities	<b>5</b>		
	<b>6 a</b> Gross rents	<b>6a</b>		
	<b>b</b> Less: rental expenses	<b>6b</b>		
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>		
<b>7</b> Other investment income (describe _____)	<b>7</b>			
<b>8 a</b> Gross amount from sale of assets other than inventory	<b>(A) Securities</b>		<b>(B) Other</b>	
	<b>8a</b>		8,730.	
	<b>b</b> Less: cost or other basis and sales expenses	<b>8b</b>	8,324.	
	<b>c</b> Gain or (loss) (attach schedule)	<b>8c</b>	406.	
<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>8d</b>	STMT 3	406.	
<b>9</b> Special events and activities (attach schedule):	<b>a</b> Gross revenue (not including \$ _____ of contributions reported on line 1a)	<b>9a</b>		
	<b>b</b> Less: direct expenses other than fundraising expenses	<b>9b</b>		
	<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>		
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>10a</b>	3,995.		
	<b>b</b> Less: cost of goods sold	<b>10b</b>	2,069.	
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>	STMT 4	1,926.
<b>11</b> Other revenue (from Part VII, line 103)	<b>11</b>		2,891.	
<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>		151,154.	
Expenses	<b>13</b> Program services (from line 44, column (B))	<b>13</b>		97,341.
	<b>14</b> Management and general (from line 44, column (C))	<b>14</b>		24,011.
	<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>		18,980.
	<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>		
	<b>17</b> Total expenses (add lines 16 and 44, column (A))	<b>17</b>		140,332.
<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>		10,822.	
Net Assets	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>		<14,458.>
	<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>		0.
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>		<3,636.>

<b>Part II Statement of Functional Expenses</b>		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 \$ _____	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc.	25	52,492.	38,413.	9,116.
26	Other salaries and wages	26	31,501.	23,742.	1,131.
27	Pension plan contributions	27			
28	Other employee benefits	28	4,021.	2,975.	491.
29	Payroll taxes	29	7,356.	5,443.	898.
30	Professional fundraising fees	30			
31	Accounting fees	31	2,108.		2,108.
32	Legal fees	32	1,780.		1,780.
33	Supplies	33	1,771.	1,311.	216.
34	Telephone	34	7,022.	5,196.	857.
35	Postage and shipping	35	1,541.	585.	165.
36	Occupancy	36	8,486.	6,280.	1,035.
37	Equipment rental and maintenance	37	1,568.	1,160.	192.
38	Printing and publications	38	2,166.	850.	303.
39	Travel	39	2,140.	1,090.	86.
40	Conferences, conventions, and meetings	40	2,006.	2,006.	
41	Interest	41			
42	Depreciation, depletion, etc. (attach schedule)	42	1,133.		1,133.
43	Other expenses (itemize):				
a		43a			
b		43b			
c		43c			
d		43d			
e	SEE STATEMENT 5	43e	13,241.	8,290.	4,500.
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15.	44	140,332.	97,341.	24,011.

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 6**

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	SEE STATEMENT 7	
	(Grants and allocations \$ _____)	84,123.
b	LOBBYING ACTIVITIES INCLUDING ACTION ALERTS & CAMPAIGN TO OVERTURN A PROVISION OF THE HIGHER EDUCATION ACT OF 1998 THAT DELAYS OR DENIES FINANCIAL AID ELIGIBILITY TO DRUG OFFENDERS	
	(Grants and allocations \$ _____)	11,169.
c	EXPANDED EDUCATIONAL MEMEBERSHIP PROGRAM BEGAN OFFERING BUMPER STICKERS & EDUCATIONAL BOOKS ; CONDUCTED MEMBERSHIP MAILINGS & A SURVEY	
	(Grants and allocations \$ _____)	2,049.
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)	97,341.

**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 .....	1,984.	45	1,834.
	46 Savings and temporary cash investments .....		46	12.
	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	300.
	53 Prepaid expenses and deferred charges .....		53	519.
	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 .....	792.	57a		
b Less: accumulated depreciation STMT 8 .....	154.	57b	57c	
58 Other assets (describe SEE STATEMENT 9 ) .....	2,864.	58	638.	
59 Total assets (add lines 45 through 58) (must equal line 74) .....	2,402.	59	3,237.	
60 Accounts payable and accrued expenses .....	7,250.	60	6,540.	
61 Grants payable .....	1,664.	61	556.	
62 Deferred revenue .....		62		
63 Loans from officers, directors, trustees, and key employees .....	5,955.	63	3,700.	
64 a Tax-exempt bond liabilities .....		64a		
b Mortgages and other notes payable .....		64b		
65 Other liabilities (describe SEE STATEMENT 10 ) .....	14,089.	65	5,920.	
66 Total liabilities (add lines 60 through 65) .....	21,708.	66	10,176.	
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 .....	<14,458.>	70	<3,636.>	
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) .....	<14,458.>	73	<3,636.>	
74 Total liabilities and net assets / fund balances (add lines 66 and 73) .....	7,250.	74	6,540.	

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

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return**

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

<b>a</b> Total revenue, gains, and other support per audited financial statements	<b>a</b> N/A
<b>b</b> Amounts included on line a but not on line 12, Form 990:	
(1) Net unrealized gains on investments ... \$	
(2) Donated services and use of facilities ... \$	
(3) Recoveries of prior year grants ... \$	
(4) Other (specify): \$	
Add amounts on lines (1) through (4)	<b>b</b>
<b>c</b> Line a minus line b	<b>c</b>
<b>d</b> Amounts included on line 12, Form 990 but not on line a:	
(1) Investment expenses not included on line 6b, Form 990 ... \$	
(2) Other (specify): \$	
Add amounts on lines (1) and (2)	<b>d</b>
<b>e</b> Total revenue per line 12, Form 990 (line c plus line d)	<b>e</b>

<b>a</b> Total expenses and losses per audited financial statements	<b>a</b> N/A
<b>b</b> Amounts included on line a but not on line 17, Form 990:	
(1) Donated services and use of facilities ... \$	
(2) Prior year adjustments reported on line 20, Form 990 ... \$	
(3) Losses reported on line 20, Form 990 ... \$	
(4) Other (specify): \$	
Add amounts on lines (1) through (4)	<b>b</b>
<b>c</b> Line a minus line b	<b>c</b>
<b>d</b> Amounts included on line 17, Form 990 but not on line a:	
(1) Investment expenses not included on line 6b, Form 990 ... \$	
(2) Other (specify): \$	
Add amounts on lines (1) and (2)	<b>d</b>
<b>e</b> Total expenses per line 17, Form 990 (line c plus line d)	<b>e</b>

<b>Part V List of Officers, Directors, Trustees, and Key Employees</b> (List each one even if not compensated.)				
(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
DAVID BORDEN 2000 P STREET, NW, SUITE 615 WASHINGTON, DC 20036	PRESIDENT, EXECUTIVE DIR 40	27,119.	1,660.	0.
ADAM SMITH 2000 P STREET, NW, SUITE 615 WASHINGTON, DC 20036	VICE PRES, ASSOCIATE DIR 40	25,373.	1,553.	0.
KEITH CYLAR [REDACTED]	BOARD OF DIRECTORS LESS 20 HR YR	0.	0.	0.
RICHARD M EVANS [REDACTED]	BOARD OF DIRECTORS LESS 20 HR YR	0.	0.	0.
CLIFFORD A SCHAFER [REDACTED]	BOARD OF DIRECTORS LESS 20 HR YR	0.	0.	0.
JOEY TRACHINA [REDACTED]	BOARD OF DIRECTORS LESS 20 HR YR	0.	0.	0.
[REDACTED]				
[REDACTED]				
[REDACTED]				
[REDACTED]				
[REDACTED]				
[REDACTED]				

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations?  Yes  No

Part VI Other Information		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement;	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization <b>DRCNET FOUNDATION 501(C)(3)</b> and check whether it is <input checked="" 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	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	X
85	501(c)(4), (5), or (6) organizations. - a Were substantially all dues nondeductible by members?	85a	X
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	X
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>N/A</u> ; section 4912 <u>N/A</u> ; section 4955 <u>N/A</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 <u>DISTRICT OF COLUMBIA</u>		
b	Number of employees employed in the pay period that includes March 12, 1998	90b	4
91	The books are in care of <u>THE ORGANIZATION</u> Telephone no. <u>202-293-8340</u>		
	Located at <u>2000 P STREET, NW, SUITE 615, WASHINGTON, DC</u> ZIP +4 <u>20036</u>		
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**

	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	
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 .....					30,965.
94 Membership dues and assessments .....					
95 Interest on savings and temporary cash investments .....			14	85.	
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 .....			01	406.	
101 Net income or (loss) from special events .....					
102 Gross profit or (loss) from sales of inventory .....					1,926.
103 Other revenue:					
a ROYALTY AFFINITY CC .....			15	103.	
b ON LINE ROYALTIES .....			15	2,788.	
c .....					
d .....					
e .....					
104 Subtotal (add columns (B), (D), and (E)) .....		0.		3,382.	32,891.
105 TOTAL (add line 104, columns (B), (D), and (E)) .....					36,273.

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).

MEMBERSHIP DUES ENTITLE THE MEMBERS TO EDUCATIONAL AND ADVOCACY MAILINGS; FREE BOOK OR VIDEO (FMV LESS \$22) DEPENDING ON THE AMOUNT DONATED.

EDUCATIONAL PUBLICATIONS ARE AVAILABLE TO THE GENERAL PUBLIC. A SMALL SMALL VOLUNTARY DONATIONS ARE OCCASIONALLY RECEIVED IN SUPPORT OF

**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	%			
	%			
	%			
	%			

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

Signature of officer: *David Borden* Date: 7/15/99 Type or print name and title: DAVID BORDEN, PRESIDENT

Paid Preparer's signature: *David Borden* Date: 07/15/99 Check if self-employed:  Preparer's SSN: \_\_\_\_\_

Preparer's Use Only Firm's name (or yours if self-employed) and address: MAY & BARNHARD, PC, CPA 4840 CORDELL AVENUE BETHESDA, MD EIN: \_\_\_\_\_ ZIP + 4: 20814

**COPY**

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(D)	DESK CHAIRS							
	10/15/97	SL	7.00	19	605.		22.	58.
2(D)	COMPUTER EQUIPMENT							
	07/15/97	SL	5.00	19	2,558.		277.	341.
4(D)	FILE CABINET							
	01/08/98	SL	7.00	19	154.			15.
5(D)	FILE CABINET							
	05/21/98	SL	7.00	19	148.			5.
6(D)	TABLE							
	06/24/98	SL	7.00	19	42.			1.
7(D)	COMPUTER EQUIP							
	06/15/98	SL	5.00	19	3,054.			153.
8	SOFTWARE							
	06/15/98	SL	3.00	19	792.			154.
9(D)	COMPUTERS							
	01/01/98	SL	5.00	19	3,045.			406.
**	TOTAL 990 PAGE 2 DEPRECIATION							
					10,398.		299.	1,133.

# - Current year section 179 (D) - Asset disposed

DRUG REFORM COORDINATION NETWORK

52-2034866

FORM 990

OTHER CONTRIBUTIONS  
INCLUDED ON PART I, LINE 1D

STATEMENT 1

\*\*\* NOT OPEN TO PUBLIC INSPECTION \*\*\*

CONTRIBUTOR'S NAME

GIFT'S SPECIFIC PURPOSE

AMOUNT

DAVID BORDEN

GENERAL SUPPORT

2,345.

ADDITIONAL EXPLANATION

GIFT'S SPECIFIC USE

COMPUTER EQUIPMENT



DRUG REFORM COORDINATION NETWORK

52-2034866

FORM 990                      GAIN (LOSS) FROM SALE OF OTHER ASSETS                      STATEMENT      3

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
FURNITURE EQUIPMENT COMPUTERS	VARIOUS	09/19/98	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
DRC NET FOUNDATION	8,730.	9,602.	0.	1,278.	406.
TO FM 990, PART I, LN 8	8,730.	9,602.	0.	1,278.	406.

FORM 990

INCOME AND COST OF GOODS SOLD  
INCLUDED ON PART I, LINE 10

STATEMENT 4

INCOME

1. GROSS RECEIPTS . . . . .	3,995	
2. RETURNS AND ALLOWANCES . . . . .		
3. LINE 1 LESS LINE 2 . . . . .		3,995
4. COST OF GOODS SOLD (LINE 13) . . . . .	2,069	
5. GROSS PROFIT (LINE 3 LESS LINE 4) . . . . .		1,926

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR . . . . .	0	
7. MERCHANDISE PURCHASED . . . . .	2,369	
8. COST OF LABOR . . . . .		
9. MATERIALS AND SUPPLIES . . . . .		
10. OTHER COSTS . . . . .		
11. ADD LINES 6 THROUGH 10 . . . . .		2,369
12. INVENTORY AT END OF YEAR . . . . .	300	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12) . . . . .		2,069

DRUG REFORM COORDINATION NETWORK

52-2034866

FORM 990	OTHER EXPENSES			STATEMENT 5
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
ADVERTISING	163.	163.		
PAYROLL				
ADMINISTRATION	540.		540.	
COMPUTER SUPPLIES	1,378.	1,020.	168.	190.
INTERNET ACCESS	1,710.	1,265.	209.	236.
INTERNET HOSTING	2,572.	2,572.		
MISCELLANEOUS	0.			
PREMIUMS	2,049.	2,049.		
PERSONAL PROPERTY				
TAX	200.		200.	
LICENSES & PERMITS	107.		107.	
LIABILITY INSURANCE	1,088.		1,088.	
BANK FEES CHARGES	1,062.		1,062.	
LITERATURE	324.	324.		
TRAINING	63.		38.	25.
MISCELLANEOUS	957.		957.	
SUBSCRIPTIONS	131.		131.	
EXHIBITING	897.	897.		
<b>TOTAL TO FM 990, LN 43</b>	<b>13,241.</b>	<b>8,290.</b>	<b>4,500.</b>	<b>451.</b>

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 6  
PART III

EXPLANATION

INCREASE PUBLIC AWARENESS OF THE EFFECTS OF DRUG POLICIES; TO PROMOTE DEBATE ON DRUG PROHIBITION & ALTERNATIVES; TO PROMOTE POSITIVE REFORM OF DRUG LAWS

DRUG REFORM COORDINATION NETWORK

52-2034866

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 7

DESCRIPTION OF PROGRAM SERVICE ONE

EDUCATE THE PUBLIC ON THE ISSUES RELATING TO DRUG POLICY REFORM THROUGH WEB SITES, ACTIONS ALERTS, ON-LINE DISCUSSION GROUPS, AND NEWSLETTERS ; GREW E-MAIL SUBSCRIBERS FROM 3,800 TO 7,600

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE A		84,123.

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 8

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
SOFTWARE	792.	154.	638.
TOTAL TO FORM 990, PART IV, LN 57	792.	154.	638.

FORM 990 OTHER ASSETS STATEMENT 9

DESCRIPTION	AMOUNT
EMPLOYEE ADVANCES	<722.>
DUE FROM DRCNET 501(C)3 RELATED ENTITY	3,959.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	3,237.

FORM 990 OTHER LIABILITIES STATEMENT 10

DESCRIPTION	AMOUNT
PAYROLL TAXES PAYABLE	4,017.
SALARIES PAYABLE	1,880.
SALES TAX PAYABLE	23.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	5,920.

Form **4562**

**Depreciation and Amortization**  
(Including Information on Listed Property) 990-EZ

OMB No. 1545-0172

**1998**

Attachment  
Sequence No. 67

Department of the Treasury  
Internal Revenue Service (999)

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

Name(s) shown on return <b>DRUG REFORM COORDINATION NETWORK</b>	Business or activity to which this form relates <b>FORM 990-EZ PAGE 1</b>	Identifying number <b>52-2034866</b>
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**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	1	18,500.
2 Total cost of section 179 property placed in service	2	
3 Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

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	/		27.5 yrs.	MM	S/L	
	/		39 yrs.	MM	S/L	
	/			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	804.

**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	804.
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

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (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: Table with 9 columns for percentage and cost.

25 Property used 50% or less in a qualified business use: Table with 9 columns for percentage and cost.

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.

Table for Section B with columns (a) through (f) for Vehicle and rows 28-34 for miles driven and personal use questions.

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.

Table for Section C with columns Yes No and rows 35-39 for policy and use questions.

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

Table for Part VI with columns (a) through (f) and rows 40-42 for amortization details.

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: **DRUG REFORM COORDINATION NETWORK**  
Business or activity to which this form relates: **FORM 990 PAGE 2**  
Identifying number: **52-2034866**

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

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(j)(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	/		27.5 yrs.	MM	S/L	
	/		39 yrs.	MM	S/L	
	/			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	1,133.

**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	1,133.
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
<b>28</b> Total business/investment miles driven during the year (DO NOT include commuting miles) .....												
<b>29</b> Total commuting miles driven during the year .....												
<b>30</b> Total other personal (noncommuting) miles driven .....												
<b>31</b> Total miles driven during the year. Add lines 28 through 30 .....												
<b>32</b> Was the vehicle available for personal use during off-duty hours? .....												
<b>33</b> Was the vehicle used primarily by a more than 5% owner or related person? .....												
<b>34</b> 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
<b>35</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? .....		
<b>36</b> 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 .....		
<b>37</b> Do you treat all use of vehicles by employees as personal use? .....		
<b>38</b> 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? .....		
<b>39</b> 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
<b>40</b> Amortization of costs that begins during your 1998 tax year:					
<b>41</b> Amortization of costs that began before 1998 .....					<b>41</b>
<b>42</b> Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return .....					<b>42</b>



- CURRENT YEAR FEDERAL - DRUG REFORM COORDINATION NETWORK

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	(D) DESK CHAIRS	10	15	97	605.	22.	SL	7.00	58.
2	(D) COMPUTER EQUIPMENT	07	15	97	2,558.	277.	SL	5.00	341.
4	(D) FILE CABINET	01	08	98	154.		SL	7.00	15.
5	(D) FILE CABINET	05	21	98	148.		SL	7.00	5.
6	(D) TABLE	06	24	98	42.		SL	7.00	1.
7	(D) COMPUTER EQUIP	06	15	98	3,054.		SL	5.00	153.
8	SOFTWARE	06	15	98	792.		SL	3.00	154.
9	(D) COMPUTERS	01	10	198	3,045.		SL	5.00	406.
	** TOTAL 990 PAGE 2 DEPRECIATION				10,398.	299.			1,133.

# - CURRENT YEAR SECTION 179 (D) - ASSET DISPOSED

Form 2750

(Rev. June 1998)

Department of the Treasury  
Internal Revenue Service

Application for Extension of Time to File  
Certain Excise, Income, Information, and Other Returns

OMB No. 1545-0148

File a separate application for each return.

67

Please type or print. File the original and one copy by the due date for filing your return.

Name  
**DRUG REFORM COORDINATION NETWORK**

Employer identification number  
**52 2034866**

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)  
**2000 P STREET, NW, NO. 615**

City, town, or post office, state, and ZIP code. For a foreign address, see instructions.  
**WASHINGTON, DC 20036**

05-15-1999

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICS, and trusts must use Form 8735 to request an extension of time to file Form 1065, 1066, or 1041.

1 I request an extension of time until AUGUST 16 1999 to file (check only one):

<input type="checkbox"/> Form 706-GS(D)	<input type="checkbox"/> Form 990-T (sec.401(a) or 408(a) trust)	<input type="checkbox"/> Form 1120-ND (sec. 4951 taxes)	<input type="checkbox"/> Form 8612
<input type="checkbox"/> Form 706-GS(T)	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 3520-A	<input type="checkbox"/> Form 8613
<input checked="" type="checkbox"/> Form 990 or 990-EZ	<input type="checkbox"/> Form 1041 (estate)	<input type="checkbox"/> Form 4720	<input type="checkbox"/> Form 8725
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 5227	<input type="checkbox"/> Form 8804
<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 1042	<input type="checkbox"/> Form 6069	<input type="checkbox"/> Form 8831

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

2a For calendar year 19 98 or other tax year beginning \_\_\_\_\_ and ending \_\_\_\_\_

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

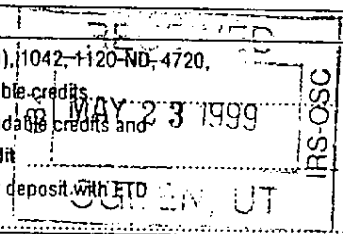
3 Has an extension of time to file been previously granted for this tax year?  Yes  No

4 State in detail why you need the extension  
OUR INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS HAVE NOT COMPLETED THEIR EXAMINATION OF OUR BOOKS. ADDITIONAL TIME IS NEEDED TO FILE A COMPLETE AND ACCURATE RETURN.

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits \$ \_\_\_\_\_

b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ \_\_\_\_\_

c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with coupon if required. \$ N/A



Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and that I am authorized to prepare this form.

Signature [Signature] Title Executive Director Date 5/15/99

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by IRS

We HAVE approved your application. Please attach this form to your return.

We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your return (including any prior extensions). This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to your return.

We HAVE NOT approved your application. After considering your reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.

We cannot consider your application because it was filed after the due date of the return for which an extension was requested.

Other: \_\_\_\_\_

Director

By: \_\_\_\_\_

Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please Type or Print

Name  
**MAY & BARNHARD, PC, CPA**

Number, street and room or suite no. (or P.O. box no. if mail is not delivered to street address)  
**4840 CORDELL AVENUE**

City, town, or post office, state, and ZIP code. For a foreign address, see instructions.  
**BETHESDA, MD 20814**

LHA For Paperwork Reduction Act Notice, see separate instructions.