

Return of Organization Exempt From Income Tax

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

1998

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

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 1998, and ending 19

B Check if:

- Change of address
- Initial return
- Final return
- Amended return (required also for state reporting)

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

C Name of organization, number and street, city, town, state, and ZIP code

REACT International, Inc.
5210 Auth Road Suite 403
Suitland, MD 20746-4325

D Employer identification number
51-0168558

E Telephone number
(301) 316-2900

F Check if exemption application is pending

G Type of organization Exempt under section 501(c)(3) (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 I If either box in H is checked "Yes," enter four-digit group exemption no. (GEN) _____

(b) If "Yes," enter number of affiliates for which return is filed: _____ J Accounting method: Cash Accrual

(c) Is this a separate return filed by an organization covered by a group ruling? Yes No 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 (See Specific Instructions.)

SCANNED SEP 17 99

Revenue

1 Contributions, gifts, grants, and similar amounts received:			
a	Direct public support	1a	1,489
b	Indirect public support	1b	
c	Government contributions (grants)	1c	
d	Total (add lines 1a through 1c) (attach schedule of contributors) (cash 1,489 noncash _____)	1d	1,489
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	222
3	Membership dues and assessments	3	91,087
4	Interest on savings and temporary cash investments	4	2,413
5	Dividends and interest from securities	5	7,740
6a	Gross rents	6a	
b	Less: rental expenses	6b	
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	-0-
7	Other investment income (describe _____)	7	
8a	Gross amount from sale of assets other than inventory	(A) Securities	(B) Other
		5,883	8a
b	Less: cost/other basis & sales expenses	5,556	8b
c	Gain or (loss) (attach schedule)	327	8c
d	Net gain or (loss) (combine line 8c, columns (A) and (B))		8d
			327
9	Special events and activities (attach schedule)		
a	Gross revenue (not including _____ of contributions reported on line 1a)	9a	
b	Less: direct expenses other than fundraising expenses	9b	
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	-0-
10a	Gross sales of inventory, less returns and allowances	10a	6,519
b	Less: cost of goods sold	10b	3,388
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	3,131
11	Other revenue (from Part VII, line 103)	11	3,261
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	109,670
13	Program services (from line 44, column (B))	13	88,355
14	Management and general (from line 44, column (C))	14	16,097
15	Fundraising (from line 44, column (D))	15	-0-
16	Payments to affiliates (attach schedule)	16	-0-
17	Total expenses (add lines 16 and 44, column (A))	17	104,452
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	5,218
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	94,362
20	Other changes in net assets or fund balances (attach explanation)	20	(7,556)
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	92,024

Expenses

Net Assets

P
7

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. (See Specific Instructions.)

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 <u> </u> non-cash <u> </u>)				
23	Specific assistance to individuals (attach sch.)				
24	Benefits paid to or for members (attach sch.)				
25	Compensation of officers, directors, etc.	-0-			
26	Other salaries and wages	8,765	7,888	877	
27	Pension plan contributions	-0-			
28	Other employee benefits	-0-			
29	Payroll taxes	988	888	100	
30	Professional fundraising fees	-0-			
31	Accounting fees	5,366		5,366	
32	Legal fees	1,595		1,595	
33	Supplies	3,764	3,388	376	
34	Telephone	4,484	4,320	164	
35	Postage and shipping	10,724	10,724		
36	Occupancy	9,473	9,473		
37	Equipment rental and maintenance	8,262	7,436	826	
38	Printing and publications	11,235	11,235		
39	Travel	-0-			
40	Conferences, conventions, and meetings	10,720	10,720		
41	Interest	-0-			
42	Depreciation, depletion, etc. (attach schedule)	4,170	4,170		
43	Other expenses (itemize): a <u> </u>	-0-			
	b SEE SCHEDULE	24,906	18,113	6,793	
	c <u> </u>	-0-			
	d <u> </u>	-0-			
	e <u> </u>	-0-			
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	104,452	88,355	16,097	-0-

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) amt. allocated to Prog. services ;
 (iii) the amount allocated to Management and general ; and (iv) amt. allocated to Fundraising

Part III Statement of Program Service Accomplishments (See Specific Instructions.)

What is the organization's primary exempt purpose? <u>CITIZENS RADIO SERVICE</u>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a <u>INSTRUCTIONAL AND INFORMATION PUBLICATION</u>	
(Grants and allocations <u> </u>)	13,470
b <u>INDIRECT MEMBER SERVICES</u>	
(Grants and allocations <u> </u>)	74,885
c <u> </u>	
(Grants and allocations <u> </u>)	
d <u> </u>	
(Grants and allocations <u> </u>)	
e Other program services (attach schedule) (Grants and allocations <u> </u>)	
Total of Program Service Expenses (should equal line 44, column (B), Program services)	88,355

Part IV Balance Sheets (See Specific Instructions.)

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	31,066	45	10,335
	46 Savings and temporary cash investments		46	
	47a Accounts receivable		47a	
	b Less: allowance for doubtful accounts		47b	-0-
	48a Pledges receivable		48a	
	b Less: allowance for doubtful accounts		48b	-0-
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes and loans receivable (attach schedule)		51a	
	b Less: allowance for doubtful accounts		51b	-0-
	52 Inventories for sale or use	8,776	52	10,419
	53 Prepaid expenses and deferred charges	367	53	660
	54 Investments -- securities (attach schedule)	53,198	54	49,451
	55a Investments -- land, buildings, and equipment: basis		55a	
	b Less: accumulated depreciation (attach schedule)		55b	-0-
56 Investments -- other (attach schedule)	71,652	56	74,574	
57a Land, buildings, and equipment: basis		57a	24,560	
b Less: accumulated depreciation (attach schedule)		57b	22,101	
58 Other assets (describe SECURITY DEPOSITS)	4,464	57c	2,459	
	775	58	660	
59 Total assets (add lines 45 through 58) (must equal line 74)	170,298	59	148,558	
Liabilities	60 Accounts payable and accrued expenses	4,516	60	2,098
	61 Grants payable		61	
	62 Deferred revenue	71,420	62	54,436
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe SECURITY DEPOSITS)		65	
66 Total liabilities (add lines 60 through 65)	75,936	66	56,534	
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	94,362	67	92,024
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)	94,362	73	92,024	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	170,298	74	148,558	

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 (See Specific Instructions)

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

a Total revenue, gains, and other support per audited financial statements ▶	a 100,665
b Amounts included on line a but not on line 12, Form 990:	
(1) Net unrealized gains on investments	
(2) Donated services & use of facilities.	
(3) Recoveries of prior year grants	
(4) Other (specify):	

Add amounts on lines (1) through (4). . . ▶	b -0-
c Line a minus line b ▶	c 100,665
d 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):	
SEE	
SCHEDULE 9,005	
Add amounts on lines (1) and (2). . . ▶	d 9,005
e Total revenue per line 12, Form 990 (line c plus line d) ▶	e 109,670

a Total expenses and losses per audited financial statements ▶	a 103,003
b Amounts included on line a but not on line 17, Form 990:	
(1) Donated services & 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 -0-
c Line a minus line b ▶	c 103,003
d 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):	
SEE	
SCHEDULE 1,449	
Add amounts on lines (1) and (2). . . ▶	d 1,449
e Total expenses per line 17, Form 990 (line c plus line d) ▶	e 104,452

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see Specific Instructions)

(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 comp.	(E) Expense account and other allowances
ROBERT STONE EUREKA SPRINGS, AR	CHAIRMAN 10	-0-	-0-	-0-
JACK MURRELL INDIANAPOLIS, IN	PRESIDENT 10	-0-	-0-	-0-
CHARLES A. THOMPSON UNIVERSITY PARK, TX	VICE-PRESIDENT 10	-0-	-0-	-0-
FRED LANSHE ALLEN TOWN, PA	TREASURER 10	-0-	-0-	-0-
LEE BESING SAN ANTONIO, TX	SECRETARY 10	-0-	-0-	-0-
HALL DUNCAN EDMOND, OK	DIRECTOR 10			

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
If "Yes," attach schedule -- see Specific Instructions.

Part VI Other Information (See Specific Instructions)

		Yes	No
76	Did organization engage in any activity not previously reported to IRS? If "Yes," attach detailed description of each activity		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.		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . .		X
78b	b If "Yes," has it filed a tax return on Form 990-T for this year?		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement. . .		X
80a	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?		X
81a	b If "Yes," enter the name of the organization ▶ _____ and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt.		
81a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	81a	- 0 -
81b	b Did the organization file Form 1120-POL for this year?	81b	
82a	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
82b	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	- 0 -
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
84b	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	
85a	501(c)(4), (5), or (6) organizations. -- a Were substantially all dues nondeductible by members?	85a	
85b	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	
85c	c Dues, assessments, and similar amounts from members	85c	- 0 -
85d	d Section 162(e) lobbying and political expenditures	85d	- 0 -
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	- 0 -
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	- 0 -
85g	g Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g	
85h	h If section 6033(e)(1)(A) dues notices 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	
86a	501(c)(7) organizations. -- Enter: a Initiation fees and capital contributions included on line 12	86a	- 0 -
86b	b Gross receipts, included on line 12, for public use of club facilities	86b	- 0 -
87a	501(c)(12) organizations. -- Enter: a Gross income from members or shareholders	87a	- 0 -
87b	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	- 0 -
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
89a	501(c)(3) organizations. -- Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ - 0 - ; section 4912 ▶ - 0 - ; section 4955 ▶ - 0 -		
89b	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 -		- 0 -
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ - 0 -		- 0 -
90a	List the states with which a copy of this return is filed ▶ IL		
90b	b Number of employees employed in the pay period that includes March 12, 1998 (See instructions).	90b	1
91	The books are in care of ▶ REACT INTERNATIONAL, INC. Telephone no. ▶ (301) 316-2900 Located at ▶ 5210 AUTH RD, #403, SUITLAND, MD ZIP + 4 ▶ 20746-4325		
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		

Part VII Analysis of Income-Producing Activities (See Specific Instructions)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
Enter gross amounts unless otherwise indicated.					
93 Program service revenue:					
a TRAINING INCOME					171
b REACTER					51
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from govt. agencies . . .					
94 Membership dues and assessments					91,087
95 Interest on savings and temporary cash investments			14	2,413	
96 Dividends and interest from securities . . .			14	7,740	
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				327	
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events . .					
102 Gross profit/(loss) from sales of inventory .					3,131
103 Other revenue: a MISC.					1,812
b INSURANCE REIMB.					1,449
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E)). . .		-0-		10,480	97,701
105 Total (add line 104, columns (B), (D), and (E))					108,181

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 (See Specific Instructions)

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).
93	TO PROMOTE THE USE OF THE CITIZEN BAND RADIO SERVICES AND OTHER
	THRU PERSONAL RADIO SERVICES AS AN ADDITIONAL SOURCE OF COMMUNICATION
103	FOR EMERGENCIES, DISASTERS, AND OTHER FORMS OF AID TO THE PUBLIC.

Part IX Information Regarding Taxable Subsidiaries (Complete this Part if "Yes" box on line 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, the information reported thereon is true and correct. (See instructions for preparer's responsibilities.)

Date: 7/28/99
 Signature: Frederick J. Laska - Treasurer
 Type or print name and title.

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

See separate instructions.

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

Name of the organization

REACT International, Inc.

Employer identification number

51-0168558

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

(See instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000				

Part IV Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services		

For Paperwork Reduction Act Notice, see instr.

Part III Statements About Activities

Table with 3 columns: Question, Yes, No. Rows include: 1. During the year, has the organization attempted to influence national, state, or local legislation... (Yes: 1, No: X); 2. During the year, has the organization, either directly or indirectly, engaged in any of the following acts... (2a-2e); 3. Does the organization make grants for scholarships, fellowships, student loans, etc.? (Yes: 3, No: X); 4a. Do you have a section 403(b) annuity plan for your employees? (Yes: 4a, No: 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.

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 [X] 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.)

Table with 2 columns: (a) Name(s) of supported organization(s), (b) Line number from above. Row 1: N/A, (b) empty.

- 14 [] An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 1997	(b) 1996	(c) 1995	(d) 1994	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	4,037	4,008	5,731	3,521	17,297
16 Membership fees received	94,152	113,255	117,239	134,064	458,710
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose	7,372	11,990	9,946	13,335	42,643
18 Gross income from interest, dividends, amounts received from prnts. on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	10,414	7,635	5,094	3,617	26,760
19 Net income from unrelated business activities not included in line 18					-0-
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					-0-
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					-0-
22 Other income. Attach a schedule. Do not incl. gain (or loss) from sale of capital assets	2,906	2,156	2,194	1,792	9,048
23 Total of lines 15 through 22	118,881	139,044	140,204	156,329	554,458
24 Line 23 minus line 17	111,509	127,054	130,258	142,994	511,815
25 Enter 1% of line 23	1,189	1,390	1,402	1,563	

26 Organizations described in lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶	26a	-0-
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1994 through 1997 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts. ▶	26b	
c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶	26c	511,815
d Add: Amounts from column (e) for lines: 18 <u>26,760</u> 19 <u>-0-</u> 22 <u>9,048</u> 26b <u> </u> ▶	26d	-0-
e Public support (line 26c minus line 26d total) ▶	26e	-0-
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶	26f	%

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year:

(1997) _____ (1996) _____ (1995) _____ (1994) _____

b For any amount included in line 17 that was received from a nondisqualified person, attach a list to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:

(1997) _____ (1996) _____ (1995) _____ (1994) _____

c Add: Amounts from column (e) for lines: 15 <u>17,297</u> 16 <u>458,710</u> 17 <u>42,643</u> 20 <u>-0-</u> 21 <u>-0-</u> ▶	27c	518,650
d Add: Line 27a total <u>-0-</u> and line 27b total <u>-0-</u> ▶	27d	-0-
e Public support (line 27c total minus line 27d total). ▶	27e	518,650
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶	27f	554,458
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶	27g	93.542 %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶	27h	4.826 %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1994 through 1997, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See instructions.)

Part V Private School Questionnaire (See instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		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.)			

34a	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 (See instructions.)

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

- Check here a If the organization belongs to an affiliated group.
Check here b If you checked "a" above and "limited control" provisions apply.

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

Table with columns for line numbers (36-44), (a) Affiliated group totals, and (b) To be completed for ALL electing organizations. Rows include Total lobbying expenditures, Other exempt purpose expenditures, and Lobbying nontaxable amount.

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.)

Table for 4-Year Averaging Period with columns for 1998, 1997, 1996, 1995, and Total. Rows include Lobbying nontaxable amount, Lobbying ceiling amount, Total lobbying expenditures, Grassroots nontaxable amount, and Grassroots ceiling amount.

Part VI-B Lobbying Activity by Nonelecting Public Charities

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

Table for Lobbying Activity with columns for Yes, No, and Amount. Rows list various lobbying methods: Volunteers, Paid staff or management, Media advertisements, Mailings, Publications, Grants, Direct contact, Rallies, and Total lobbying expenditures.

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

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

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

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

(i) Cash
(ii) Other assets

b Other transactions:

(i) Sales of assets to a noncharitable exempt organization
(ii) Purchases of assets from a noncharitable exempt organization
(iii) Rental of facilities or equipment
(iv) Reimbursement arrangements
(v) Loans or loan guarantees
(vi) Performance of services or membership or fundraising solicitations

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

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show 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 3 columns: Question Label, Yes, No. Rows include 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), and c. All 'No' boxes are checked (X).

Main table for question 51d 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 'N/A'.

52a 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? Yes No (No is checked)

b If "Yes," complete the following schedule:

Table for question 52b with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains 'N/A'.

For Paperwork Reduction Act Notice, see instr.

FORM 990
PAGE 1

REACT INTERNATIONAL, INC.
FYE: 12/31/98 EIN: 51-0168558

FORM 990, PART I, LINE 10C - SALES OF INVENTORY

<u>DESCRIPTION</u>	<u>GROSS SALES</u>	<u>COST OF GOODS</u>	<u>GROSS PROFIT</u>
REACT ID MATERIAL	\$6,519	\$3,388	<u>\$3,131</u>

FORM 990, PART I, LINE 8C GAIN OR (LOSS)

<u>DESCRIPTION</u>	
REALIZED GAIN (LOSS) ON SALE OF SECURITIES	<u>\$327</u>

FORM 990, PART I, LINE 20 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES

<u>DESCRIPTION</u>	
UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>(\$7,556)</u>

FORM 990, PART II, LINE 42 - DEPRECIATION

DESCRIPTION	BASIS	1998	BASIS	ACC.DEPR.	1998	ACC.DEPR.	BOOK
	12/31/97	ADDITIONS	12/31/98	12/31/97	DEPR	12/31/98	
COMPUTER EQUIPMENT	\$15,927	\$2,165	\$18,092	\$13,369	\$2,876	\$16,245	\$1,847
FURNITURE & EQUIPMENT	6,468	0	6,468	4,562	1,294	5,856	612
	<u>\$22,395</u>	<u>\$2,165</u>	<u>\$24,560</u>	<u>\$17,931</u>	<u>\$4,170</u>	<u>\$22,101</u>	<u>\$2,459</u>

FORM 990, PART II, LINE 43B - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM	MANAGE. &
		SERVICES	GENERAL
CONTRACT LABOR	\$17,353	\$15,618	\$1,735
MEMBERSHIP MATERIALS	2,235	2,235	-0-
INSURANCE	250	-0-	250
DUES & SUBSCRIPTIONS	260	260	-0-
RELOCATION EXP.	4,049	-0-	4049
MISC. EXPENSE	759	-0-	759
	<u>24,906</u>	<u>18,113</u>	<u>6793</u>

FORM 990, PART IV, LINE 54 - INVESTMENTS IN SECURITIES

<u>DESCRIPTION</u>	
STOCKS	\$16,574
CORPORATE BONDS	20,710
US TREAS. & FED HOME MTG	12,167
	<u>\$49,451</u>

FORM 990, PART IV, LINE 56 - OTHER INVESTMENTS

<u>DESCRIPTION</u>	
MUTUAL FUNDS	\$43,563
MONEY MARKET FUNDS	31,011
	<u>\$74,574</u>

FORM 990, PART IV, LINE 57 - BASIS & ACCUMULATED DEPRECIATION

<u>DESCRIPTION</u>	BASIS 12/31/97	1998 ADDITIONS	BASIS 12/31/98	ACC.DEPR. 12/31/97	1998 DEPR	ACC.DEPR. 12/31/98	BOOK
COMPUTER EQUIPMENT	\$15,927	\$2,165	\$18,092	\$13,369	\$2,876	\$16,245	\$1,847
FURNITURE & EQUIPMENT	6,468	0	6,468	4,562	1,294	5,856	612
	<u>\$22,395</u>	<u>\$2,165</u>	<u>\$24,560</u>	<u>\$17,931</u>	<u>\$4,170</u>	<u>\$22,101</u>	<u>\$2,459</u>

FORM 990, PART IV, LINE 58 - OTHER ASSETS

<u>DESCRIPTION</u>	
RENT DEPOSIT	<u>\$660</u>

FORM 990, PART IV-A, LINE D2 - OTHER ADJUSTMENTS

DESCRIPTION

UNREALIZED LOSS ON INVESTMENTS	\$7,556
INSURANCE REIMBURSEMENT	1,449
	<u>\$9,005</u>

FORM 990, PART IV-B, LINE D2 - OTHER ADJUSTMENTS

DESCRIPTION

INSURANCE REIMBURSEMENT	<u>\$1,449</u>
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SCHEDULE A PART IV-A, LINE 22 - OTHER INCOME

<u>DESCRIPTION</u>	1997	1996	1995	1994
MISCELLANEOUS	\$1,768	\$942	\$2,194	\$1,792
REACTOR SUB.	950	740		
TRAINING	188	474		
	<u>\$2,906</u>	<u>\$2,156</u>	<u>\$2,194</u>	<u>\$1,792</u>

**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.**

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

React International, Inc.
 5210 Auth Road

 Suitland, MD 20746

Employer identification number
51-0168558

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 8736** to request an extension of time to file Form 1065, 1066, or 1041.

1 I request an extension of time until 08/15, 1998, to file (check only one):

- | | | | | |
|--|--|--|------------------------------------|------------------------------------|
| <input type="checkbox"/> Form 706-GS (D) | <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 4720 | <input type="checkbox"/> Form 8613 |
| <input type="checkbox"/> Form 706-GS (T) | <input type="checkbox"/> Form 990-T (401(a) or 408(a) trust) | <input type="checkbox"/> Form 1042 | <input type="checkbox"/> Form 5227 | <input type="checkbox"/> Form 8725 |
| <input checked="" type="checkbox"/> Form 990 or 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 1120-ND (4951 taxes) | <input type="checkbox"/> Form 6069 | <input type="checkbox"/> Form 8804 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 1041 (estate) (see instructions) | <input type="checkbox"/> Form 3520-A | <input type="checkbox"/> Form 8612 | <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 1998, 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 Tax return can not be completed until the audit for 1998 is completed.

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. See instructions. . . . \$ _____

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 FTD coupon if required. See instructions. . . . \$ 0.00

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 ► D. Roy Jighler Title ► CPA Date ► 05/10/99

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 to be 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 the 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: _____

By: _____ Date _____
 Director

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

 React International, Inc.
 5210 Auth Road

 Suitland, MD 20746