

Foundations Fail to File Reports

By Andrew J. Glass

Washington Post Staff Writer

At least ten foundations identified as conduits for the Central Intelligence Agency have failed to file mandatory public tax records with the Internal Revenue Service in order to mask their covert activities.

All 10 foundations are listed in the current IRS directory of tax-exempt groups. They are subject to a section of the Internal Revenue Code that obligates the foundations to publicly report their annual income, disbursements and a total amount of contributions and gifts they have received.

According to a file at the Foundation Library Center, none of the 10 foundations have submitted the required Form 990A for the 1962, 1963 and 1964 tax years.

All Forms Copied

An IRS spokesman said that all Form 990A's that arrive at the IRS Washington headquarters are copied as a matter of course and sent to the Foundation Library's offices in New York and Washington.

The IRS said, however, that it was still canvassing its files for the tax records of the missing ten foundations. It could not therefore confirm that the foundations had not filed a report and for some unknown reason that the records were not subsequently transmitted to the Foundation Library Center.

It was possible to confirm that in the case of one of these CIA-linked foundations—the Foundation for Youth and Student Affairs—that no tax records were filed between 1954 and 1964.

An IRS spokesman was asked whether the public disclosure requirement was waived for these foundations

because they were engaged in channelling covert funds to various private organizations and individuals for the CIA.

"The IRS will have absolutely no comment," the spokesman replied. He cited a provision in the disclosure statute that bars the IRS from discussing the tax affairs of any individual or group before a final administrative or legal action is taken by the Government.

However, a high-ranking IRS official said: "I honestly don't know why they haven't filed. Nobody will tell me or tell the people I talk to."

"But I get the feeling that they simply expected the question would be settled if we ever came and investigated. They [the CIA-connected foundations] operate on a 'need-to-know' principle," the official added.

The ten currently tax-exempt foundations for which public tax reports are unavailable are:

The Appalachian Fund, Inc., of Lexington, Ky.; Broad-High Foundation, Columbus, Ohio; Chesapeake Foundation, Baltimore; Foundation for Youth and Student Affairs; New York, N.Y.; Gotham Foundation, New York, N.Y.; Granary Fund, Boston; Andrew Hamilton Fund, Philadelphia; Jones-O'Donnell Foundation, Dallas; Michigan Fund, Detroit; and the San Jacinto Fund, Houston.

These ten foundations have been named by Government officials, by the leaders of the CIA-financed National Student Association or in the press as connected to the Government's secret intelligence arm. None

of them have chosen to deny these allegations.

Still other known foundation conduits for the CIA have chosen not to claim a tax exemption and therefore are not subject to the reporting provisions of the Tax Code.

Others File Regularly

Another category of foundations which are known to have handled CIA funds has regularly filed 990A tax-exemption forms with the IRS and the Foundation Library Center, where they are currently available for inspection.

It is through the examination and cross-checking of their returns that much of the information about the CIA's penetrations into private U.S. organizations has recently come to light.

Under the Internal Revenue Code, a broad group of foundations are granted tax exemptions if their net earnings do not benefit an individual and if they do not substantially try to carry on "propaganda" or to "influence legislation."

In return for the tax-exemption, the foundations are required to annually file a detailed public statement—Form 990A. But there is no penalty for failure to file.

Some Are Exempt

Another section of the tax law permits certain foundations such as religious, fraternal and educational groups, to skip the reporting procedure. Also exempt under the law are quasi-governmental units and foundations that are "primarily supported by the general public."

None of the tax-exempt foundations linked to the CIA apparently fall into any category that would permit them to bypass the public reporting process.

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Form 990-A Return of Organization Exempt From Income Tax
Section 501(c)(3) of the Code
For the year January 1-December 31, 1966, or other taxable year beginning 1966, and ending 1966
PLEASE TYPE OR PRINT

1966

Name: _____
Number of directors: _____
Organization, State, and ZIP code: _____
Enter the name and address used on your return for 1965 (if the same as above, write "Same"). If none filed, give reason: _____

PART I Part I (Lines 7 and 2) information required pursuant to sections 4001, 6013, and other applicable sections of the Internal Revenue Code. NOTE: One copy of Part I and two copies of Part II must be filed.

1	Gross sales or receipts from business activities	
2	Less: Cost of goods sold and/or of operations (attach schedule)	
3	Gross profit from business activities	
4	Interest	
5	Dividends	
6	Rents	
7	Royalties	
8	Gain (or loss) from sale of assets, excluding inventory items (See instruction 8)	
9	Other income (attach schedule)—Do not include contributions, gifts, grants, etc. (See line 17)	
10	Total gross income (Lines 2 to 9, inclusive)	
11	Expenses of earning gross income from columns 3, Schedule A	
DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT, AND ACCUMULATION OF INCOME		
12	Expenses of distributing current or accumulated income from columns 4, Schedule A	
13	Contributions, gifts, grants, scholarships, etc. (See instruction 13)	
14	Accumulation of income within the year (line 10 less the sum of lines 11, 12, and 13)	
15	Aggregate accumulation of income at beginning of the year	
16	Aggregate accumulation of income at end of the year	
RECEIPTS NOT REPORTED ELSEWHERE		
17	Contributions, gifts, grants, etc., received (See instruction 17)	
18	Less: Expenses of raising and collecting amount on line 17, from column 5, Schedule A	
19	Net contributions, gifts, grants, etc., received	
DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT		
20	Expenses of distributing principal from column 6, Schedule A	
21	Contributions, gifts, grants, scholarships, etc.: (a) Paid out in prior years	
	(b) Paid out within the year (See instruction 21)	

Schedule A—Allocation of Expenses (See instructions for Attachments Required)					
I. Form	II. Text	III. Expenses of raising or collecting gross income	IV. Expenses of distributing income	V. Expenses of raising and collecting principal	VI. Expenses of distributing principal
60 Compensation of officers, etc.					
61 Other salaries and wages					
62 Interest					

This is a portion of the form tax-exempt foundations are expected to file.