

profession as a whole is the American Pharmaceutical Association which was established in 1852, 5 years after the American Medical and 5 years before the American Dental Association. It is the professional society, sir.

Senator NELSON. Your association is a nonprofit, tax exempt association?

Dr. APPLE. We are a 501(c)(6). We also have a foundation which is a 501(c)(3).

Senator NELSON. But it is a tax exempt organization?

Dr. APPLE. Yes, sir. It is.

Senator NELSON. What is the basis of this exemption?

Mr. STEEVES. It is exempt, a tax exempt organization as a business league under section 501(e)(6), which includes trade associations and professional societies.

Senator NELSON. How many people do you employ in your national office?

Dr. APPLE. We have currently a staff of around 75 full-time professional and clerical employees.

Senator NELSON. Do you have any objection to submitting your financial statement to the committee?

Dr. APPLE. Mr. Chairman, each year we submit a report to our entire membership, active and student, published in our journal which contains the complete proceedings of our annual meeting, its house of delegates, all of its committee reports, the reports of the officers. For example, in this document you will find the report of the treasurer for 1966 on page 300, and you will find our financial statement under exhibit B in schedule 1.

Senator NELSON. Is this the statement that you submit to IRS?

Dr. APPLE. Yes, sir.

Senator NELSON. This is the full statement?

Dr. APPLE. Yes, sir. It isn't the copy of our income tax return. It is the statement prepared by certified public accountants for distribution to our members which shows the source of our entire income as well as the expenditures in detail made by the association. We would be glad to submit a copy of our income tax return if that is what the Senator wishes.

Senator NELSON. If you would submit it to the committee we will decide whether or not we will print it, but we will at least print your financial report to your members in the record.

(The financial report referred to follows:)

AMERICAN PHARMACEUTICAL ASSOCIATION, FINANCIAL STATEMENTS,
DECEMBER 31, 1966

OLIVER T. GRAHN,
CERTIFIED PUBLIC ACCOUNTANT,
Severna Park, Md., March 18, 1967.

Dr. HUGO H. SCHAEFER,
Treasurer, American Pharmaceutical Association,
Washington, D.C.

DEAR SIR: I have examined the combined statement of assets, liabilities and fund balances at December 31, 1966, of the American Pharmaceutical Association and the related statements of income and expenses for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.