

Return of Organization Exempt From Income Tax

2005

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2005 calendar year, or tax year beginning 11/01, 2005, and ending 10/31, 2006

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

Please use IRS label or print or type See specific instructions.

Association of American Physicians & Surgeons, Inc. 1601 N. Tucson Blvd. #9 Tucson, AZ 85716

D Employer Identification Number 36-2059197
E Telephone number 520 323-3110
F Accounting method: X Cash Accrual Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations
H (a) Is this a group return for affiliates? Yes No
H (b) If 'Yes,' enter number of affiliates
H (c) Are all affiliates included? Yes No
H (d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number
M Check X if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

G Web site: www.aapsonline.org

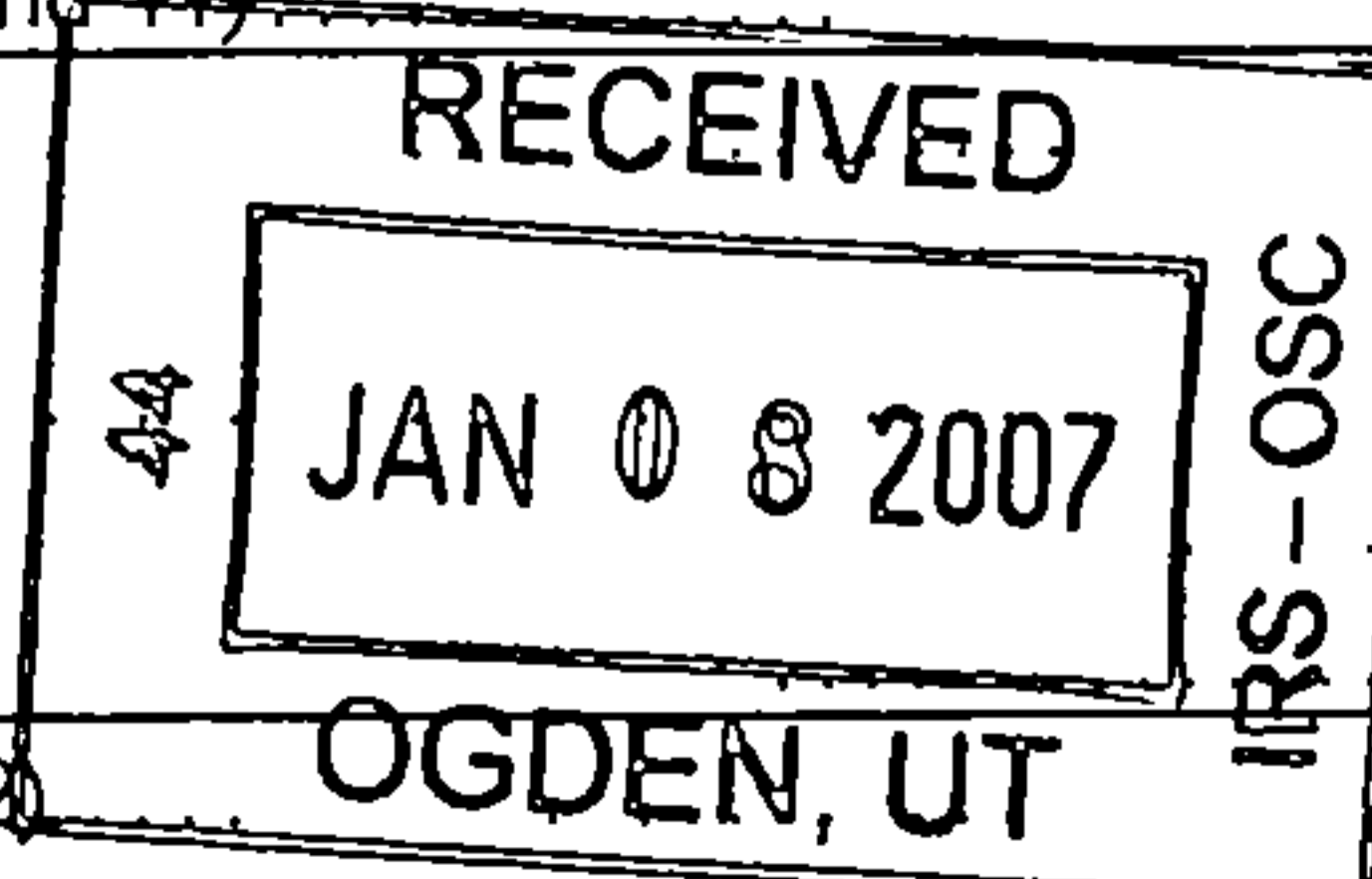
J Organization type (check only one) X 501(c) 6 (insert no) 4947(a)(1) or 527

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 the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 790,727.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Instructions)

Table with columns for Revenue, Expenses, and Assets. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 7 Other investment income; 8a Gross amount from sales of assets other than inventory; 9 Special events and activities; 10a Gross sales of inventory, less returns and allowances; 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.



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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (att sch) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22				
23 Specific assistance to individuals (att sch)	23				
24 Benefits paid to or for members (att sch)	24				
25 Compensation of officers, directors, etc	25	198,000.	112,500.	85,500.	0.
26 Other salaries and wages	26				
27 Pension plan contributions	27				
28 Other employee benefits	28				
29 Payroll taxes	29				
30 Professional fundraising fees	30				
31 Accounting fees	31	1,398.		1,398.	
32 Legal fees	32	68,381.	68,381.		
33 Supplies	33				
34 Telephone	34				
35 Postage and shipping	35				
36 Occupancy	36	24,000.		24,000.	
37 Equipment rental and maintenance	37				
38 Printing and publications	38	142,327.	142,327.		
39 Travel	39	3,083.	3,083.		
40 Conferences, conventions, and meetings	40				
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule)	42				
43 Other expenses not covered above (itemize)					
a See Statement 1	43a	371,889.	366,706.	5,183.	
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	44	809,078.	692,997.	116,081.	0.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? 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 \$ _____.

BAA

Part III Statement of Program Service Accomplishments

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.

What is the organization's primary exempt purpose? ▶ <u>See Statement 2</u> 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) organizations and 4947(a)(1) trusts, but optional for others)
a <u>Dissemination of pertinent information to physicians, surgeons, and members of the general public regarding the health care industry.</u> ----- ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	526,326.
b <u>Publication of the professional journal The Journal of American Physicians & Surgeons, for over 3,000 members and interested parties.</u> ----- ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	98,290.
c <u>Provision of limited legal services to members and non-members of the Association.</u> ----- ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	68,381.
d ----- ----- ----- (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
e Other program services (Grants and allocations \$ _____) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	692,997.

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Part IV Balance Sheets (See 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		45	
	46 Savings and temporary cash investments	677,076.	46	659,305.
	47 a Accounts receivable	47 a		
	b Less. allowance for doubtful accounts	47 b	47 c	
	48 a Pledges receivable	48 a		
	b Less. allowance for doubtful accounts	48 b	48 c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51 a Other notes & loans receivable (attach sch)	51 a		
	b Less. allowance for doubtful accounts	51 b	51 c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments -- securities (attach schedule)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments -- land, buildings, & equipment. basis	55 a		
	b Less accumulated depreciation (attach schedule)	55 b	55 c	
	56 Investments -- other (attach schedule)		56	
	57 a Land, buildings, and equipment: basis	57 a		
	b Less accumulated depreciation (attach schedule)	57 b	57 c	
	58 Other assets (describe <input type="checkbox"/> _____)		58	
59 Total assets (must equal line 74). Add lines 45 through 58	677,076.	59	659,305.	
LIABILITIES	60 Accounts payable and accrued expenses	150.	60	730.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64 a Tax-exempt bond liabilities (attach schedule)		64 a	
	b Mortgages and other notes payable (attach schedule)		64 b	
	65 Other liabilities (describe <input type="checkbox"/> _____)		65	
	66 Total liabilities. Add lines 60 through 65	150.	66	730.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	676,926.	67	658,575.
	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, column (B) must equal line 21)	676,926.	73	658,575.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	677,076.	74	659,305.	

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)

a	Total revenue, gains, and other support per audited financial statements		a	790,727.
b	Amounts included on line a but not on Part I, line 12.			
	1 Net unrealized gains on investments	b1		
	2 Donated services and use of facilities	b2		
	3 Recoveries of prior year grants	b3		
	4 Other (specify): _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	790,727.
d	Amounts included on Part I, line 12, but not on line a:			
	1 Investment expenses not included on Part I, line 6b	d1		
	2 Other (specify): _____	d2		
	Add lines d1 and d2		d	
e	Total revenue (Part I, line 12). Add lines c and d		e	790,727.

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

a	Total expenses and losses per audited financial statements		a	809,078.
b	Amounts included on line a but not on Part I, line 17.			
	1 Donated services and use of facilities	b1		
	2 Prior year adjustments reported on Part I, line 20	b2		
	3 Losses reported on Part I, line 20	b3		
	4 Other (specify): _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	809,078.
d	Amounts included on Part I, line 17, but not on line a:			
	1 Investment expenses not included on Part I, line 6b	d1		
	2 Other (specify): _____	d2		
	Add lines d1 and d2		d	
e	Total expenses (Part I, line 17). Add lines c and d		e	809,078.

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the 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 and deferred compensation plans	(E) Expense account and other allowances
See Statement 3		150,000.	0.	0.

Part VI Other information (continued)		Yes	No
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?	82 a		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 in Part III.)	82 b	N/A	
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83 a	X	
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83 b	X	
84 a Did the organization solicit any contributions or gifts that were not tax deductible?	84 a		X
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84 b	N/A	
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85 a		X
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85 b		X
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.			
c Dues, assessments, and similar amounts from members	85 c	705,644.	
d Section 162(e) lobbying and political expenditures	85 d	45,700.	
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85 e	70,564.	
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85 f	-24,864.	
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85 g	N/A	
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85 h	N/A	
86 501(c)(7) organizations. Enter. a Initiation fees and capital contributions included on line 12	86 a	N/A	
b Gross receipts, included on line 12, for public use of club facilities	86 b	N/A	
87 501(c)(12) organizations. Enter. a Gross income from members or shareholders	87 a	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.)	87 b	N/A	
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88		X
89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under. section 4911 ▶ N/A, section 4912 ▶ N/A, section 4955 ▶ N/A			
b 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction	89 b	N/A	
c Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		▶ N/A	
d Enter. Amount of tax on line 89c, above, reimbursed by the organization		▶ N/A	
90 a List the states with which a copy of this return is filed ▶ AZ			
b Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90 b	0	
91 a The books are in care of ▶ The Association Telephone number ▶ 520 327-4885 Located at ▶ 1601 N. Tucson Blvd. Ste 9, Tucson, AZ, ZIP + 4 ▶ 85716			
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country ▶	91 b	Yes	No
See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Statements			X
c At any time during the calendar year, did the organization maintain an office outside of the United States? If 'Yes,' enter the name of the foreign country ▶	91 c		X
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 – Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A ▶ <input type="checkbox"/>	

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	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	
93 Program service revenue:					
a Annual Meetings					38,048.
b Journal Subscriptions					2,090.
c Rental Income					2,160.
d Sale of Literature					5,267.
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					705,644.
95 Interest on savings & temporary cash invmnts			14	27,741.	
96 Dividends & 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 pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a					
b Advertising Income					1,216.
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				27,741.	754,425.
105 Total (add line 104, columns (B), (D), and (E))					782,166.

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 the 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).
93AtoE	The Organization provides information to members through literature sales and meetings.
103b	The Association receives advertising income from publication of its professional journal. See Form 990-T.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

- a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- Note: If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions).

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: *R. Lowell Campbell, M.D.* Date: *9/03/2007*

Type or print name and title: *R. Lowell Campbell, M.D.*

Paid Preparer's Use Only

Preparer's signature: *Dulene J. Brady* Date: *12-27-06* Check if self-employed: Preparer's SSN or PTIN (See General Instruction W): *N/A*

Firm's name (or yours if self-employed), address, and ZIP + 4: *Busby Sanford Brady CPAs, PLC*
2055 N. Kolb Rd., Suite 101
Tucson, AZ 85715-4099 EIN: *N/A* Phone no: *520 733-2530*

Statement 1
Form 990, Part II, Line 43
Other Expenses

	(A) Total	(B) Program Services	(C) Management & General	(D) Fundraising
Annual Meeting	47,388.	47,388.		
Bank Fees	5,176.		5,176.	
Board Meeting	11,172.	11,172.		
Communications	3,698.	3,698.		
Due & Subscriptions	8,691.	8,691.		
Lobbying	45,700.	45,700.		
Media Expenses	17,843.	17,843.		
Media Relations	55,775.	55,775.		
Membership Promotion	171,985.	171,985.		
Miscellaneous	786.	786.		
Regional Meeting	3,668.	3,668.		
Taxes & Licenses	7.		7.	
Total	\$ 371,889.	\$ 366,706.	\$ 5,183.	\$ 0.

Statement 2
Form 990, Part III
Organization's Primary Exempt Purpose

To protect the practice of private medicine, preserve freedom of choice for patients, and educate physicians and the general public.

Statement 3
Form 990, Part V-A
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen- sation	Contri- bution to EBP & DC	Expense Account/ Other
Jane M. Orient, M.D. 1601 N. Tucson Blvd., Ste 9 Tucson, AZ 85716	Executive Direc 25	\$ 150,000.	\$ 0.	\$ 0.
Arthur Astorino, M.D. 25252 Mustang Drive Laguna Hills, CA 92653	Director 2	0.	0.	0.
Robert Berry, M.D. 1231 Tuscalon Blvd Greeneville, TN 37722	Director 2	0.	0.	0.
Mark J. Kellen, M.D. 4708 Crested Butte Tr. Rockford, IL 61114	Director 2	0.	0.	0.

Statement 3 (continued)
Form 990, Part V-A
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen- sation	Contri- bution to EBP & DC	Expense Account/ Other
R. Lowell Campbell, M.D. 1412 Oaklawn Drive Corsicana, TX 75110	Treasurer 2	\$ 0.	\$ 0.	\$ 0.
Curtis W. Caine, Sr., M.D. 712 Forest Point Drive Brandon, MS 39047	Director 2	0.	0.	0.
Chester C. Danehower, M.D. 5401 N. Knoxville Ave. Ste 115 Peoria, IL 61614	Director 2	0.	0.	0.
Tamzin A. Rosenwasser, M.D. 7503 Gannon Avenue University City, MO 63130	Director 2	0.	0.	0.
Kenneth D. Christman, M.D. 2717 Miamisburg-Centerville Rd Dayton, OH 45459	President 2	0.	0.	0.
W. Daniel Jordan, M.D. 2857 Kingsland Court Atlanta, GA 30339	Director 2	0.	0.	0.
H. Todd Coulter, M.D. 2693 Bienville Blvd, Unit 5 Ocean Springs, MS 39564	Director 2	0.	0.	0.
Robert P. Gervais, M.D. 1844 East Hope Mesa, AZ 85203	President Elect 2	0.	0.	0.
Claud A. Boyd, Jr., M.D. 1509 Anthony Road Augusta, GA 30904	Director 2	0.	0.	0.
Charles W. McDowell, JR., M.D. 5035 Harrington Road Alpharetta, GA 30202	Secretary 2	0.	0.	0.
James F. Coy, M.D. 602 S.W. 39th Terrace Cape Coral, FL 33914	Director 2	0.	0.	0.
Mark Schiller, M.D. 236 W. Portal Ave. #523 San Francisco, CA 94127	Director 2	0.	0.	0.

Statement 3 (continued)
Form 990, Part V-A
List of Officers, Directors, Trustees, and Key Employees

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compen- sation</u>	<u>Contri- bution to EBP & DC</u>	<u>Expense Account/ Other</u>
James L. Pendleton, M.D. 815 Fetters Mill Rd., Box 22 Bryn Athyn, PA 19009	Past President 2	\$ 0.	\$ 0.	\$ 0.
Lawrence Huntoon, M.D., Ph.D. P.O. Box 39 Lake View, NY 14085	Director 2	0.	0.	0.
	Total	<u>\$ 150,000.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>