



I. Organizational Forms and Nature of Operations

APPA is a non-profit corporation. It was incorporated in 1974 in Washington, D.C.

APPA operates as a “trading” organization that sells its products and services on a continuing basis, just like any business, although the products and services must be substantially related to the APPA’s tax-exempt objectives.

Revenues have to be earned to sustain the association’s operations, and surpluses should be produced to further the association’s tax-exempt purposes.

II APPA as a Tax-Exempt Organization

APPA was determined as an exempt organization from federal income tax under section 501(c)(3) of the Internal Revenue Code in August 1974. This means that the purpose of APPA should be exclusively for charitable, religious, educational, literal, and scientific reasons. APPA must be operated primarily under these tax-exempt purposes. APPA should not have any earnings inure to private individuals, substantial activities to influence legislation, or participation in any political campaign activities.

APPA pays unrelated federal and state business income tax to for advertising income generated by advertisements in *Facilities Manager*, Job Express, and any electronic media. These activities are considered as business activities unrelated to tax-exempt purposes of APPA.

III Group Tax Exemption

A group exemption is a ruling or determination issued by the Internal Revenue Service to a parent organization that recognizes the federal tax exemption of its affiliate or subordinate organizations. As part of a group, tax exemption will have no impact on the way the affiliates operate on a day-to-day basis. In addition, each affiliate’s reporting requirements to the IRS will not change. Refer to the Accounting and Financial Report Section V.

To maintain a group exemption for its affiliates, a parent organization must update the IRS once a year on any changes in the purposes, character, or method of operation of the affiliates and the names, addresses, and employer identification numbers of affiliates that have been added or terminated during the year. Accordingly, affiliates must report any change in such areas to the parent organization.

Filing for group tax exemption will lessen the burden of each region’s own effort to file for its own tax exempt status. However, each region may make its own decision whether to participate in the filing process.

Currently, SRAPPA, PCAPPA, CAPPA, RMA, GAPPA, NJAPPA DFWAPPA, and FLAPPA are under APPA’s group exemption. **The Group Exemption Number is 8221, and this number must be on their regional reports to IRS.**