

**SOUTH CAROLINA  
ASSOCIATION OF CERTIFIED  
PUBLIC ACCOUNTANTS, INCORPORATED  
AND RELATED ENTITY**

**REPORT ON COMBINED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED  
AND RELATED ENTITY**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
South Carolina Association of  
Certified Public Accountants, Incorporated  
and Related Entity  
West Columbia, South Carolina

We have audited the accompanying combined statements of financial position of the South Carolina Association of Certified Public Accountants, Incorporated and Related Entity (the Association) as of December 31, 2010 and 2009, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Association of Certified Public Accountants, Incorporated and Related Entity as of December 31, 2010 and 2009, and the results of their activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits of the basic combined financial statements for the years ended December 31, 2010 and 2009 were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental schedules presented on pages 15 through 19 are not considered necessary for the fair presentation of the basic combined financial statements in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules have been subjected to the auditing procedures used in the audit of the basic combined financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

*Elliott Davis LLC*

Columbia, South Carolina  
May 4, 2011

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS,  
INCORPORATED AND RELATED ENTITY  
COMBINED STATEMENTS OF FINANCIAL POSITION**

		DECEMBER 31,	
		2010	2009
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 1,117,321	\$ 705,892
Investments		960,706	887,266
Accounts receivable, less allowance for doubtful accounts of \$1,500		14,524	20,724
Inventory		-	1,170
Prepaid expenses		22,876	25,319
Total current assets		2,115,427	1,640,371
<b>PROPERTY AND EQUIPMENT, net</b>		480,877	524,218
Total assets		\$ 2,596,304	\$ 2,164,589
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		\$ 432,299	\$ 169,461
Unearned revenue		362,455	381,773
Total current liabilities		794,754	551,234
<b>NET ASSETS</b>			
Unrestricted		1,458,793	1,352,037
Temporarily restricted		52,159	35,386
Permanently restricted		290,598	225,932
Total net assets		1,801,550	1,613,355
Total liabilities and net assets		\$ 2,596,304	\$ 2,164,589

See notes to financial statements which are an integral part of these statements.

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS,  
INCORPORATED AND RELATED ENTITY  
COMBINED STATEMENTS OF ACTIVITIES**

	For the years ended December 31,	
	2010	2009
<b>UNRESTRICTED NET ASSETS</b>		
Support, revenue and gains		
Membership dues	\$ 751,735	\$ 727,076
Registration and conference fees	1,260,999	1,024,258
Interest and dividends	13,786	24,322
Advertising	28,507	28,264
Peer review program fees	124,055	125,310
Product sales	3,819	3,720
Affinity program revenues	44,102	50,419
Unrealized gains on investments	19,682	80,016
Realized gains on investments	2,586	-
Contributions	15,035	17,356
Other	4,317	4,193
Net assets released from restrictions - satisfaction of program restrictions	16,000	15,500
Local Chapters' contributions to Educational Fund	(59,765)	(4,500)
Total support, revenues and gains	2,224,858	2,095,934
Expenses and losses		
Scholarships - Education Fund	19,500	19,000
Scholarships - Chapters	2,500	4,618
Member services	685,909	617,254
Conferences and meetings	974,074	911,627
General administration	382,624	347,314
Cost of product sales	756	1,153
Realized loss on investments	-	37,988
Membership development	52,739	48,572
Total expenses and losses	2,118,102	1,987,526
Change in unrestricted net assets	106,756	108,408
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Revenues and gains		
Interest and dividends	9,405	6,912
Unrealized gains on investments	20,780	76,580
Realized gains on investments	2,588	-
Net assets released from restriction - satisfaction of program restrictions	(16,000)	(15,500)
Total revenues and gains	16,773	67,992
Expenses and losses		
Realized loss on investments	-	32,606
Total expenses and losses	-	32,606
Change in temporarily restricted net assets	16,773	35,386
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Revenue support and gains		
Contributions	7,666	4,434
Local Chapters' contributions to Educational Fund	57,000	3,500
Change in permanently restricted net assets	64,666	7,934
Change in net assets	188,195	151,728
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,613,355	1,461,627
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,801,550</b>	<b>\$ 1,613,355</b>

See notes to financial statements which are an integral part of these statements.

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS,  
INCORPORATED AND RELATED ENTITY  
COMBINED STATEMENTS OF CASH FLOWS**

	For the years ended December 31,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 188,195	\$ 151,728
Depreciation	56,774	39,636
Contributions restricted for endowment	(64,666)	(7,934)
Realized (gain) loss on investments	(5,174)	70,594
Unrealized gain on investments	(40,462)	(156,596)
Loss on disposal of equipment	1,044	1,735
Adjustments to reconcile the change in net assets to net cash provided by (used for) operating activities		
Changes in deferred and accrued amounts		
Accounts receivable	6,200	30,362
Inventory	1,170	(1,170)
Prepaid expenses	2,443	483
Accounts payable and accrued expenses	262,838	(148,122)
Unearned revenue	(19,318)	(37,735)
Net cash provided by (used for) operating activities	389,044	(57,019)
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(545,611)	(449,302)
Proceeds from sales of investments	517,807	543,695
Purchases of property and equipment	(14,477)	(221,343)
Net cash used for investing activities	(42,281)	(126,950)
<b>FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for endowment	64,666	7,934
Net cash provided by financing activities	64,666	7,934
Net increase (decrease) in cash and cash equivalents	411,429	(176,035)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	705,892	881,927
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,117,321	\$ 705,892

See notes to financial statements which are an integral part of these statements.

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Association**

The South Carolina Association of Certified Public Accountants, Incorporated and Related Entity (the Association) is a non-profit Association whose stated purposes are as follows:

*The mission of the South Carolina Association of CPAs is to support all CPAs - whether in public practice, corporate practice (industry), government or education - with lifelong learning opportunities necessary for their success, the promotion of high ethical standards and legislative advocacy for both the public good and for the profession.*

The South Carolina Association of Certified Public Accountants Educational Fund (Educational Fund) promotes high standards of scholarship, to encourage the study of accounting and further accounting education. The Educational Fund is supervised by five trustees selected from the South Carolina Association of Certified Public Accountants' (SCACPA) membership for five-year terms.

**Financial statement presentation**

The combined financial statements include the accounts of the Association, its eight separate chapters located throughout the state, and its related entity, the Educational Fund. The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**Revenue recognition**

The accompanying combined financial statements are prepared on the accrual basis of accounting such that revenues are recorded as earned and expenses recorded as the liabilities are incurred. Accordingly, annual membership dues, initiation fees, and peer review fees are recorded as income in the period for which they are applicable. Registrations for continuing professional education courses are recognized in the period that the related courses are conducted. Members joining during the year are charged dues on a pro-rata basis. Membership dues received in advance are shown as unearned revenue and are recorded as revenue when earned over the applicable membership period. Pledges and contributions are recognized as income in the period payment is received.

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Estimates**

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from these estimates.

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**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Functional allocation of expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Property and equipment**

Property and equipment are maintained on the basis of original cost, if purchased, and estimated fair market value at the date of acquisition if acquired by donation, less allowances for depreciation. The Association maintains a capitalization threshold of \$1,000 for capital assets. Depreciation is charged to operations on the straight-line method over estimated useful lives of the respective property as follows:

Building and improvements	13 - 30 years
Furniture and equipment	5 - 10 years

Expenditures for repairs and maintenance are charged to operations as incurred. Costs of major additions and improvements are capitalized. The cost of property retired or otherwise disposed of and the related allowances for depreciation are eliminated from the respective accounts. Gains or losses resulting from such dispositions are reflected in current income.

**Tax status**

The Association, including local chapters, and the Education Fund are exempt from federal income taxes under Sections 501(c)(6) and 501(c)(3), respectively, of the Internal Revenue Code and therefore have made no provision for income taxes in the accompanying combined financial statements. In addition, the Education Fund has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Financial Accounting Standards Board has issued guidance for uncertainties in income taxes. Management has evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**Concentration of credit risk**

The Association places its cash and cash equivalents with high quality financial institutions. At times, deposits may exceed Federal Deposit Insurance Corporation insurance limits.

**Advertising**

The Association expenses advertising costs as they are incurred. Advertising expense totaled \$40,471 and \$51,656 for the years ended December 31, 2010 and 2009, respectively.

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**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Investment in securities**

The Association's investments in securities are stated at fair market value. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Contributions to the Education Fund's endowment are permanently restricted, with only the endowment's investment earnings, and additional Education Fund resources, if necessary, being used to provide for the Education Fund's named scholarship programs. Accordingly, investment return of the endowment's assets is reflected in temporarily restricted or unrestricted net assets, as applicable. Realized gains or losses are based on the first in-first out method of securities sold.

**Compensated absences**

The Association accounts for paid time off by recording a liability for employees' vested rights to receive compensation for future absences attributable to services already performed.

**Subsequent events**

These financial statements have not been updated for subsequent events after May 4, 2011, the date the financial statements were available to be issued.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following at December 31:

	<u>2010</u>	<u>2009</u>
SCACPA	\$ 819,166	\$ 439,997
Educational Fund	75,974	38,536
Local Chapters	<u>222,181</u>	<u>227,359</u>
	<u>\$ 1,117,321</u>	<u>\$ 705,892</u>

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INVESTMENTS**

Investments consist of the following at December 31, 2010:

	<u>Cost</u>	<u>Unrealized gains</u>	<u>Unrealized losses</u>	<u>Fair market value</u>
Mutual funds	\$ 442,928	\$ 65,907	\$ (111)	\$ 508,724
Money market funds	3,505	-	-	3,505
Certificates of deposit	448,477	-	-	448,477
	<u>\$ 894,910</u>	<u>\$ 65,907</u>	<u>\$ (111)</u>	<u>\$ 960,706</u>

Unrealized losses consist of the following at December 31, 2010:

	<u>Cost</u>	<u>Less than one year</u>	<u>Greater than one year</u>	<u>Fair market value</u>
Mutual funds	<u>\$ 4,126</u>	<u>\$ (111)</u>	<u>\$ -</u>	<u>\$ 4,015</u>

Investments consist of the following at December 31, 2009:

	<u>Cost</u>	<u>Unrealized gains</u>	<u>Unrealized losses</u>	<u>Fair market value</u>
Mutual funds	\$ 406,399	\$ 28,429	\$ (3,095)	\$ 431,733
Money market funds	3,241	-	-	3,241
Certificates of deposit	452,292	-	-	452,292
	<u>\$ 861,932</u>	<u>\$ 28,429</u>	<u>\$ (3,095)</u>	<u>\$ 887,266</u>

Unrealized losses consist of the following at December 31, 2009:

	<u>Cost</u>	<u>Less than one year</u>	<u>Greater than one year</u>	<u>Fair market value</u>
Mutual funds	<u>\$ 149,255</u>	<u>\$ (2,428)</u>	<u>\$ (667)</u>	<u>\$ 146,160</u>

Investments with a fair value at December 31, 2010 and 2009 of \$397,377 and \$333,258 and original cost at December 31, 2010 and 2009 of \$348,638 and \$314,713 are assets of the Educational Fund, some of which are permanently restricted. The amount stipulated by the donor to be retained in perpetuity as it relates to these investments is reflected at Note 8.

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - FAIR VALUE MEASUREMENTS**

The Association records investments according to generally accepted accounting principles of the United States of America, which establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2010 and 2009, respectively.

**Money market funds:** The carrying amount of such investments is deemed to be a reasonable estimate of fair value.

**Mutual funds:** Valued at the net asset value ("NAV") of shares held by the Association at year end.

**Certificates of deposit:** Valued using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates and volatility.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - FAIR VALUE MEASUREMENTS, Continued**

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds				
Balanced Funds	\$ 116,399	\$ -	\$ -	\$ 116,399
Growth Funds	140,310	-	-	140,310
Income Funds	196,472	-	-	196,472
Value Funds	55,543	-	-	55,543
Money Market Funds	3,505	-	-	3,505
Certificates of Deposit	-	448,477	-	448,477
Total assets at fair value	<u>\$ 512,229</u>	<u>\$ 448,477</u>	<u>\$ -</u>	<u>\$ 960,706</u>

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds				
Balanced Funds	\$ 74,170	\$ -	\$ -	\$ 74,170
Growth Funds	105,968	-	-	105,968
Income Funds	187,079	-	-	187,079
Value Funds	64,512	-	-	64,512
Money Market Funds	3,245	-	-	3,245
Certificates of Deposit	-	452,292	-	452,292
Total assets at fair value	<u>\$ 434,974</u>	<u>\$ 452,292</u>	<u>\$ -</u>	<u>\$ 887,266</u>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Land	\$ 79,910	\$ 79,910
Building and improvements	677,830	677,830
Furniture and equipment	232,138	219,821
	989,878	977,561
Less accumulated depreciation	509,001	453,343
	<u>\$ 480,877</u>	<u>\$ 524,218</u>

Depreciation expense for the year ending December 31, 2010 and 2009 was \$56,774 and \$39,636, respectively.

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - UNEARNED REVENUE**

Unearned revenues represent the Association membership dues, peer review fees, and conference fees collected in advance.

**NOTE 7 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily and permanently restricted net assets are net assets of the Educational Fund. Permanently restricted net assets represent contributions through named scholarships. Temporarily restricted net assets represent interest and dividend earnings, which are to be used for scholarship awards to worthy and qualifying accounting students, for named scholarships.

**NOTE 8 - ENDOWMENTS**

The Association's Education Fund consists of approximately 15 individual funds established for educational (scholarship) purposes. It includes donor-restricted contributions for named scholarships, and voluntary dues from individual members of the Association as unrestricted contributions. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Association has interpreted the South Carolina Uniform Prudent Management of Institutional Funds Act (SCUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SCUPMIFA. In accordance with SCUPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Association and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Association
- 7) The investment policies of the Association.

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - ENDOWMENTS, Continued**

**Endowment Net Asset Composition by Type of Fund as of December 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 52,159	\$ 290,598	\$ 342,757

**Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 35,386	\$ 225,932	\$ 261,318
Investment return:				
Investment income	-	9,405	-	9,405
Net appreciation (realized and unrealized)	-	23,368	-	23,368
Total investment return	-	32,773	-	32,773
Contributions	-	-	64,666	64,666
Released from restrictions	16,000	(16,000)	-	-
Appropriation of endowment assets for expenditure	(16,000)	-	-	(16,000)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 52,159</b>	<b>\$ 290,598</b>	<b>\$ 342,757</b>

**Endowment Net Asset Composition by Type of Fund as of December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 35,386	\$ 225,932	\$ 261,318

**Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 217,998	\$ 217,998
Investment return:				
Investment income	-	6,912	-	6,912
Net appreciation (realized and unrealized)	-	43,974	-	43,974
Total investment return	-	50,886	-	50,886
Contributions	-	-	7,934	7,934
Released from restrictions	15,500	(15,500)	-	-
Appropriation of endowment assets for expenditure	(15,500)	-	-	(15,500)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 35,386</b>	<b>\$ 225,932</b>	<b>\$ 261,318</b>

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - ENDOWMENTS, Continued**

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SCUPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. As of December 31, 2010 and 2009, the Association did not have any funds with deficiencies in its endowment.

**Return Objectives and Risk Parameters**

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce investment returns at least equal to inflation (Consumer Price Index) plus 5.0% while assuming a moderate level of investment risk.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Association has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 16 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment to grow at an average of 5 percent annually. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 9 - PROFIT SHARING PLAN**

The Association established the SC Association of CPA's 401(k) Plan on January 1, 1999. Employees over 21 years of age become eligible after six months of service and are fully vested upon Plan entry. Participants may elect to defer a portion of their compensation from up to the maximum contribution allowed by the Internal Revenue Service (IRS) which was \$16,500 in 2010 and 2009, and \$22,000 for 2010 and 2009, if a participant is greater than 50 years of age. The total combined participant and employer contribution cannot exceed the IRS limit, which is the lesser of \$49,000 or 100% of a participant's salary for 2010 and 2009. The Association matches the first 3% of contributions and 50% of contributions over 3% for a maximum match of 5%. Matching contributions from the Association during 2010 and 2009 were \$12,252 and \$10,310, respectively.

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - LEASES**

The Association has three noncancelable operating leases for office equipment. Lease terms require monthly payments of \$650, \$431 and \$48, through April 2012, November 2011 and February 2012, respectively. Total rent expense for the year ended December 31, 2010 and 2009 was \$13,450 and \$14,823, respectively. Information given on future minimum rental commitments is for the existing leases and is not a forecast of future rents. Future minimum lease payments are as follows for the years ending December 31:

2011	\$ 13,117
2012	<u>1,998</u>
	<u>\$ 15,115</u>

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

During 2010, the Association entered into several agreements with South Carolina hotels for food, beverages, conference space and sleeping accommodations for conferences to be held in 2011. Should the Association cancel the agreements prior to the date of the conferences, the Association will owe a total of \$19,997 to the hotels.

**SUPPLEMENTAL SCHEDULES**

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED  
SCHEDULE OF OFFICERS  
For the year ended December 31, 2010**

**Immediate Past President**

Charles M. Redfern, CPA  
Rock Hill

**President**

Charles E. Brown, CPA  
Spartanburg

**President Elect**

Timothy L. Baker, CPA  
Columbia

**Vice President**

Michael R. Putich, CPA  
Hilton Head

**Secretary/Treasurer**

Sharon E. Mann, CPA  
Chapin

**Executive Director**

Erin P. Hardwick  
West Columbia

**At-Large Director**

Clarence Coleman, Jr., CPA  
Rock Hill

**At-Large Director**

James W. McIlrath, CPA  
Myrtle Beach

**At-Large Director**

L. Kent Satterfield, CPA  
Greenville

**At-Large Director**

Alys Anne Dennis, CPA  
Mt. Pleasant

**At-Large Director**

Malynda M. Grimsley, CPA  
Columbia

**At-Large Director**

A.D. Masters, CPA  
Columbia

**AICPA Council Representative**

J.P. McDermott, CPA  
Charleston

**Catawba Chapter**

Beth T. Zamorski, CPA  
Rock Hill

**Foothills Chapter**

Jada W. McAbee, CPA  
Spartanburg

**Sea-Island Chapter**

William C. Robinson, CPA  
Beaufort

**Central Chapter**

Michael J. Targia, CPA  
Columbia

**Grand Strand Chapter**

John B. Fennell, CPA  
Myrtle Beach

**Coastal Chapter**

Penny A. Lewis, CPA  
Isle of Palms

**Pee Dee Chapter**

Robert M. Tilton, CPA  
Florence

**Piedmont Chapter**

Phillip R. Snipes, CPA  
Greenville

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS,  
INCORPORATED AND RELATED ENTITY  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
(Educational Fund and Local Chapters not included)  
For the year ended December 31, 2010**

	<u>Actual</u>	<u>Budgeted</u>	<u>Over (Under)</u>
Membership dues	\$ 590,848	\$ 601,154	\$ (10,306)
Registration and conference fees	1,197,761	1,140,425	57,336
Interest and dividends	10,358	10,563	(205)
Advertising	28,507	32,500	(3,993)
Peer review program fees	124,055	136,875	(12,820)
Product sales	3,819	-	3,819
Affinity program revenues	44,102	47,500	(3,398)
Unrealized gains on investments	10,268	-	10,268
Other	1,567	1,220	347
	<u>\$ 2,011,285</u>	<u>\$ 1,970,237</u>	<u>\$ 41,048</u>

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS,  
INCORPORATED AND RELATED ENTITY  
SCHEDULE OF EXPENSES-BUDGET AND ACTUAL  
(Educational Fund and Local Chapters not included)  
For the year ended December 31, 2010**

	Actual	Budgeted	(Over) Under
Local travel	\$ 344	\$ 2,700	\$ 2,356
Data processing	46,357	42,974	(3,383)
Dues and subscriptions	6,469	5,235	(1,234)
Printing	13,221	23,000	9,779
Equipment rental	14,138	13,698	(440)
Business insurance	15,457	15,000	(457)
Repairs and maintenance - office	25,205	21,291	(3,914)
Repairs and maintenance - equipment	1,297	2,032	735
Postage	14,657	16,500	1,843
Office supplies	13,155	14,900	1,745
Telephone	13,724	14,502	778
Utilities	14,389	15,650	1,261
Professional fees	60,095	62,500	2,405
Merchant fees	53,972	47,500	(6,472)
Bank charges	1,994	1,840	(154)
Surplus allocation	7,000	20,000	13,000
Property taxes	8,329	8,208	(121)
Depreciation	56,774	50,016	(6,758)
Courses and conferences	821,567	847,358	25,791
Payroll	394,160	380,375	(13,785)
Payroll taxes and benefits	30,331	30,315	(16)
Personnel expenses other	11,990	19,750	7,760
Retirement	11,000	11,943	943
Retirement administration fee	717	914	197
Employee insurance	52,117	48,539	(3,578)
Staff training	19,294	17,900	(1,394)
Peer review	125,668	134,497	8,829
Young CPA Cabinet	11,011	12,000	989
Committee meetings	10,839	16,850	6,011
Committee activities	25,217	25,400	183
Delegate expense	5,915	7,150	1,235
Advertising	40,471	39,700	(771)
	<u>\$ 1,926,874</u>	<u>\$ 1,970,237</u>	<u>\$ 43,363</u>

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS,  
INCORPORATED AND RELATED ENTITY  
SCHEDULE OF NAMED SCHOLARSHIPS-EDUCATIONAL FUND (Permanently Restricted)  
For the year ended December 31, 2010**

Past Presidents	\$ 35,950
Waters and Waters	25,100
Lollie B. Harper	20,569
Central Chapter Scholarship	70,000
Piedmont Chapter Scholarship	20,000
Sea Island Chapter Scholarship	10,000
Kaye Carter	17,279
Brigman, Holcomb, Weeks	10,751
C.C. McGregor	10,540
Edgar Vaughn	10,125
Burch, Oxner, Seale	10,000
Sheheen, Hancock and Godwin	10,000
Webster, Rogers, and Company	10,000
Robinson Grant & Co., PA	10,000
Francis Humphries Memorial	6,950
Burkett, Burkett & Burkett	<u>13,334</u>
	<u><u>\$ 290,598</u></u>

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED AND RELATED ENTITY**  
**SUMMARIZED FINANCIAL INFORMATION-LOCAL CHAPTERS**  
*As of and for the year ended December 31, 2010*

	CATAWBA	CENTRAL	COASTAL	FOOTHILLS	GRAND STRAND	PEE DEE	PIEDMONT	SEA ISLAND
Cash	\$ 17,641	\$ 13,584	\$ 57,937	\$ 11,569	\$ 12,925	\$ 9,926	\$ 86,194	\$ 12,405
Net assets	\$ 18,091	\$ 38,842	\$ 33,227	\$ 12,051	\$ 13,646	\$ 8,637	\$ 86,273	\$ 11,933
Revenues								
Dues	\$ 6,000	\$ 36,265	\$ 47,970	\$ 5,960	\$ 27,695	\$ 5,367	\$ 17,860	\$ 13,770
Registration/conference fees	7,315	13,898	34,511	811	2,183	139	4,381	-
Interest and other	-	387	2,850	-	93	-	-	-
Total revenues	13,315	50,550	85,331	6,771	29,971	5,506	22,241	13,770
Expenses								
Scholarships	-	-	-	500	1,000	-	1,000	-
Contribution to Education Fund	-	51,500	1,000	-	265	-	-	7,000
Member services	-	1,262	153	85	2,044	450	291	792
Conferences and meetings	8,073	28,324	72,765	2,495	21,106	1,914	11,268	7,318
General administrative	-	1,262	153	85	2,044	450	291	792
Membership development	-	280	34	19	454	100	65	176
Total expenses	8,073	82,628	74,105	3,184	26,913	2,914	12,915	16,078
Change in unrestricted net assets	\$ 5,242	\$ (32,078)	\$ 11,226	\$ 3,587	\$ 3,058	\$ 2,592	\$ 9,326	\$ (2,308)