

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

**AUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**

**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, 2009 and 2008, 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 audit 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, 2009 and 2008, 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, 2009 and 2008 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  
July 26, 2010

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

	DECEMBER 31,	
	2009	2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 705,892	\$ 881,927
Investments	887,266	895,657
Accounts receivable, less allowance for doubtful accounts of \$1,500 and \$1,500, respectively	20,724	51,086
Inventory	1,170	-
Prepaid expenses	25,319	25,802
Total current assets	1,640,371	1,854,472
<b>PROPERTY AND EQUIPMENT, net</b>	524,218	344,246
Total assets	<b>\$ 2,164,589</b>	<b>\$ 2,198,718</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 169,461	\$ 317,583
Unearned revenue	381,773	419,508
Total current liabilities	551,234	737,091
<b>NET ASSETS</b>		
Unrestricted	1,352,037	1,243,629
Temporarily restricted	35,386	-
Permanently restricted	225,932	217,998
Total net assets	1,613,355	1,461,627
Total liabilities and net assets	<b>\$ 2,164,589</b>	<b>\$ 2,198,718</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 ACTIVITIES**

	<b>For the years ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>UNRESTRICTED NET ASSETS</b>		
Support, revenue and gains		
Membership dues	\$ 727,076	704,326
Registration and conference fees	1,024,258	1,123,155
Interest and dividends	24,322	36,890
Advertising	28,264	27,942
Peer review program fees	125,310	104,692
Product sales	3,720	3,414
Affinity program revenues	50,419	56,942
Unrealized gains on investments	80,016	-
Realized gains on investments	-	19,784
Contributions	17,356	14,075
Other	4,193	2,428
Net assets released from restrictions - satisfaction of program restrictions	15,500	12,500
Local Chapters' contributions to Educational Fund	(4,500)	(23,500)
Total support, revenues and gains	<u>2,095,934</u>	<u>2,082,648</u>
Expenses and losses		
Scholarships - Education Fund	19,000	21,500
Scholarships - Chapters	4,618	2,500
Member services	617,254	615,125
Conferences and meetings	911,627	945,528
General administration	347,314	347,619
Cost of product sales	1,153	1,381
Realized loss on investments	37,988	4,883
Unrealized loss on investments	-	117,409
Membership development	48,572	48,577
Total expenses and losses	<u>1,987,526</u>	<u>2,104,522</u>
Change in unrestricted net assets	<u>108,408</u>	<u>(21,874)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Revenues and gains		
Interest and dividends	6,912	10,446
Unrealized gains on investments	76,580	-
Net assets released from restriction - satisfaction of program restrictions	(15,500)	(12,500)
Total revenues and gains	<u>67,992</u>	<u>(2,054)</u>
Expenses and losses		
Realized loss on investments	32,606	9,334
Unrealized loss on investments	-	46,940
Total expenses and losses	<u>32,606</u>	<u>56,274</u>
Change in temporarily restricted net assets	<u>35,386</u>	<u>(58,328)</u>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Revenue support and gains		
Contributions	4,434	7,734
Local Chapters' contributions to Educational Fund	3,500	20,000
Change in permanently restricted net assets	<u>7,934</u>	<u>27,734</u>
Change in net assets	151,728	(52,468)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,461,627</u>	<u>1,514,095</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 1,613,355</b></u>	<u><b>1,461,627</b></u>

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,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 151,728	\$ (52,468)
Depreciation	39,636	32,476
Realized (gain) loss on investments	70,594	(5,567)
Unrealized (gain) loss on investments	(156,596)	164,349
Loss on disposal of equipment	1,735	-
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Changes in deferred and accrued amounts		
Accounts receivable	30,362	(38,792)
Inventory	(1,170)	-
Prepaid expenses	483	(730)
Accounts payable and accrued expenses	(148,122)	25,953
Unearned revenue	(37,735)	(58,764)
	(49,085)	66,457
Net cash provided by (used for) operating activities		
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(449,302)	(875,118)
Proceeds from sales of investments	543,695	437,780
Purchases of property and equipment	(221,343)	(81,853)
	(126,950)	(519,191)
Net cash used for investing activities		
Net decrease in cash and cash equivalents	(176,035)	(452,734)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	881,927	1,334,661
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 705,892	\$ 881,927

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**

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 federal 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.

In December 2008, the Financial Accounting Standards Board (FASB) provided for a deferral of the effective date of *Accounting for Uncertainty in Income Taxes* for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The Association elected this deferral and accordingly adopted *Accounting for Uncertainty in Income Taxes* in its 2009 financial statements. The adoption of *Accounting for Uncertainty in Income Taxes* did not have a material impact on the Association's financial position or results of operations.

**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 \$28,264 and \$27,942 for the years ended December 31, 2009 and 2008, 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.

The Educational Fund was established based on the premise that contributions (including named scholarships and voluntary dues increased from individual members of the Association) would become part of a permanently restricted fund, with only the earnings from interest and dividends to be used in activities for which the Educational Fund was established. Accordingly, realized and unrealized gains and losses in investments become a part of temporarily restricted net assets. Interest and dividend income are included as changes in temporarily restricted net assets. 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.

**Reclassifications**

The presentation of certain items in the 2008 financial statements have been reclassified to be consistent with the 2009 presentation.

**Subsequent events**

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 26, 2010, 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>2009</u>	<u>2008</u>
SCACPA	\$ 439,997	\$ 662,145
Educational Fund	38,536	13,132
Local Chapters	<u>227,359</u>	<u>206,650</u>
	<u>\$ 705,892</u>	<u>\$ 881,927</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, 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 consist of the following at December 31, 2008:

	<u>Cost</u>	<u>Unrealized gains</u>	<u>Unrealized losses</u>	<u>Fair market value</u>
Mutual funds	\$ 472,062	\$ -	\$ (131,262)	\$ 340,800
Certificates of deposit	554,857	-	-	554,857
	<u>\$ 1,026,919</u>	<u>\$ -</u>	<u>\$ (131,262)</u>	<u>\$ 895,657</u>

Unrealized losses consist of the following at December 31, 2008:

	<u>Cost</u>	<u>Less than one year</u>	<u>Greater than one year</u>	<u>Fair market value</u>
Mutual funds	<u>\$ 472,062</u>	<u>\$ (18,804)</u>	<u>\$ (112,458)</u>	<u>\$ 340,800</u>

Investments with a fair value at December 31, 2009 and 2008 of \$333,258 and \$264,213 and original cost at December 31, 2009 and 2008 of \$314,713 and \$352,580 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, 2009 and 2008, 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, 2009:

	<b>Assets at fair value as of December 31, 2009</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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	<b><u>\$ 434,974</u></b>	<b><u>\$ 452,292</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 887,266</u></b>

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2008:

	<b>Assets at fair value as of December 31, 2008</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 340,800	\$ -	\$ -	\$ 340,800
Certificates of Deposit	-	554,857	-	554,857
Total assets at fair value	<b><u>\$ 340,800</u></b>	<b><u>\$ 554,857</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 895,657</u></b>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<b>2009</b>	<b>2008</b>
Land	\$ 79,910	\$ 79,910
Building and improvements	677,830	475,592
Furniture and equipment	219,821	153,929
Assets in process	-	84,817
	977,561	794,248
Accumulated depreciation	453,343	450,002
	<b><u>\$ 524,218</u></b>	<b><u>\$ 344,246</u></b>

Depreciation expense during 2009 and 2008 was \$39,636 and \$32,476, 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 member 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.

*(Continued)*

**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, 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 restriction	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>

**Endowment Net Asset Composition by Type of Fund as of December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 217,998	\$ 217,998

**Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 58,328	\$ 190,264	\$ 248,592
Investment return:				
Investment income	-	10,446	-	10,446
Net depreciation (realized and unrealized)	-	(56,274)	-	(56,274)
Total investment return	-	(45,828)	-	(45,828)
Contributions	-	-	27,734	27,734
Released from restriction	12,500	(12,500)	-	-
Appropriation of endowment assets for expenditure	(12,500)	-	-	(12,500)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 217,998</b>	<b>\$ 217,998</b>

*(Continued)*

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

**NOTE 8 - ENDOWMENTS, Continued**

**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 and \$15,500 in 2009 and 2008, respectively, and \$22,000 and \$20,500 for 2009 and 2008, respectively, 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 2009 and the lesser of \$46,000 or 100% of a participant's salary for 2008. 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 2009 and 2008 were \$10,310 and \$9,907, 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, \$403 and \$48, through April 2012, July 2011 and February 2010, respectively. Total rent expense for the year ended December 31, 2009 and 2008 was \$14,823 and \$16,356, 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:

2010	\$ 13,213
2011	12,004
2012	<u>1,998</u>
	<b><u>\$ 27,215</u></b>

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

During 2009, the Association entered into several agreements with South Carolina hotels for food, beverages, conference space and sleeping accommodations for conferences to be held in 2010. Should the Association cancel the agreements prior to the date of the conferences, the Association will owe a total of \$11,796 to the hotels.

**NOTE 12 - RECLASSIFICATION OF NET ASSETS**

Net assets for the Education Fund have been reclassified, with no effect on net income to be consistent with the classifications adopted for the year ended December 31, 2009. The reclassification resulted from the Association inadvertently presenting Board designated net assets for the Education Fund as permanently restricted, when no donor-imposed restriction existed. The reclassification resulted in an increase of the Association's unrestricted net assets by \$152,497, and a decrease in permanently restricted net assets by \$152,497, for the year ended December 31, 2008.

## **SUPPLEMENTAL SCHEDULES**

**SOUTH CAROLINA ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS, INCORPORATED  
SCHEDULE OF OFFICERS  
For the year ended December 31, 2009**

**Immediate Past President**

Sylvia L. Kitchens, CPA  
Columbia

**President**

Charles M. Redfern, CPA  
Rock Hill

**President Elect**

Charles E. Brown, CPA  
Spartanburg

**Vice President**

Timothy L. Baker, CPA  
Columbia

**Secretary/Treasurer**

Michael R. Putich, CPA  
Hilton Head

**Executive Director**

Erin P. Hardwick  
West Columbia

**At-Large Director**

Clarence Coleman, Jr., CPA  
Rock Hill

**At-Large Director**

Sharon E. Mann, CPA  
Chapin

**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**

Victor C. Webster, CPA  
Florence

**Catawba Chapter**

Anne P. Bunton, CPA  
Rock Hill

**Foothills Chapter**

Jada W. McAbee, CPA  
Spartanburg

**Sea-Island Chapter**

J. Louis Grant, CPA  
Hilton Head

**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, 2009**

	<u>Actual</u>	<u>Budgeted</u>	<u>Over (Under)</u>
Membership dues	\$ 582,188	\$ 584,209	\$ (2,021)
Registration and conference fees	962,932	1,051,506	(88,574)
Interest and dividends	20,100	32,871	(12,771)
Advertising	28,264	32,500	(4,236)
Peer review program fees	125,310	136,775	(11,465)
Product sales	3,720	-	3,720
Affinity program revenues	50,419	48,000	2,419
Unrealized gains on investments	49,684	-	49,684
Other	-	2,500	(2,500)
	<u>\$ 1,822,617</u>	<u>\$ 1,888,361</u>	<u>\$ (65,744)</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, 2009**

	Actual	Budgeted	(Over) Under
Local travel	\$ 1,384	\$ 3,000	\$ 1,616
Data processing	41,090	42,485	1,395
Dues and subscriptions	5,701	5,500	(201)
Printing	12,613	23,000	10,387
Equipment rental	15,527	16,972	1,445
Business insurance	14,871	13,500	(1,371)
Repairs and maintenance - office	16,885	21,000	4,115
Repairs and maintenance - equipment	2,174	2,500	326
Postage	15,343	29,000	13,657
Office supplies	14,472	15,000	528
Telephone	14,642	14,500	(142)
Utilities	14,451	13,500	(951)
Professional fees	61,203	60,000	(1,203)
Merchant fees	44,211	40,500	(3,711)
Bank charges	2,168	-	(2,168)
Surplus allocation	7,893	-	(7,893)
Property taxes	7,913	8,000	87
Depreciation	39,636	41,370	1,734
Courses and conferences	721,640	800,252	78,612
Payroll	337,715	364,256	26,541
Payroll taxes and benefits	26,800	29,097	2,297
Personnel expenses other	28,669	17,455	(11,214)
Retirement	8,872	10,825	1,953
Retirement administration fee	681	732	51
Employee insurance	32,022	44,709	12,687
Staff training	21,303	20,750	(553)
Peer review	114,078	132,173	18,095
Young CPA Cabinet	11,026	15,000	3,974
Committee meetings	7,102	14,590	7,488
Committee activities	26,566	26,200	(366)
Delegate expense	1,500	9,175	7,675
Advertising	51,656	50,500	(1,156)
	<u>\$ 1,721,807</u>	<u>\$ 1,885,541</u>	<u>\$ 163,734</u>

**SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS,  
INCORPORATED AND RELATED ENTITY  
SCHEDULE OF NAMED SCHOLARSHIPS-EDUCATIONAL FUND  
For the year ended December 31, 2009**

Past Presidents	\$ 35,950
Waters and Waters	25,100
Lollie B. Harper	20,569
Central Chapter Scholarship	20,000
Piedmont Chapter Scholarship	20,000
Sea Island Chapter Scholarship	3,500
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	5,450
Burkett, Burkett & Burkett	<u>6,668</u>
	<u><b>\$ 225,932</b></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, 2009*

	<u>CATAWBA</u>	<u>CENTRAL</u>	<u>COASTAL</u>	<u>FOOTHILLS</u>	<u>GRAND STRAND</u>	<u>PEE DEE</u>	<u>PIEDMONT</u>	<u>SEA ISLAND</u>
Cash	\$ 15,204	\$ 37,515	\$ 41,743	\$ 10,144	\$ 15,289	\$ 7,334	\$ 82,645	\$ 17,485
Net assets	\$ 12,849	\$ 70,920	\$ 22,001	\$ 8,464	\$ 10,588	\$ 6,045	\$ 76,947	\$ 14,241
Revenues								
Dues	\$ 5,580	\$ 33,150	\$ 48,620	\$ 5,330	\$ 17,460	\$ 4,733	\$ 14,900	\$ 15,115
Registration/conference fees	10,896	30,316	15,888	1,857	549	-	1,820	-
Interest and other	-	301	2,994	1	178	-	1,325	-
Total revenues	16,476	63,767	67,502	7,188	18,187	4,733	18,045	15,115
Expenses								
Scholarships	-	733	1,000	500	-	1,000	1,385	-
Contribution to Education Fund	-	-	1,000	-	-	-	-	3,500
Member services	-	552	221	311	2,116	17	524	36
Conferences and meetings	13,539	65,742	60,739	3,505	20,289	1,734	17,382	8,210
General administrative	-	552	221	311	2,116	17	524	36
Membership development	-	123	49	69	471	4	117	7
Total expenses	13,539	67,702	63,230	4,696	24,992	2,772	19,932	11,789
Change in unrestricted net assets	\$ 2,937	\$ (3,935)	\$ 4,272	\$ 2,492	\$ (6,805)	\$ 1,961	\$ (1,887)	\$ 3,326