



CALCPA TREASURER'S REPORT



CalCPA ended its 98th year financially sound. We are well-grounded to take the organization into the next century strong and committed to our current and next generation of members. We reached another milestone in membership growth with more than 32,000 members. Revenues exceeded budget primarily due to the continued success of CalCPA programs and chapter events, increased contributions to the Institute, and an increase in investment income despite the weak investment market.

While revenues were up, we had several expenses that decreased our overall net assets. In December 2007, we authorized the termination of the frozen defined benefit pension plan. In anticipation of the termination, we sold our investment holdings and purchased money market funds a day before the market took a big drop last October. This action allowed us to stabilize the potential termination cost which is accrued in our 2007–08 financials.

The market fluctuated tremendously this year. We have a sound investment policy and a well diversified portfolio that limited our unrealized losses. Overall meeting and event costs were up due to successful programs including chapter events, Celebrating Women CPAs, the financial literacy summit and related activities. CalCPA also coordinated with the Education Foundation on the Young and Emerging Professionals Conference and the Financial Leadership Forum targeted to business and industry CPAs. Other costs were below budget due to utilization of technology and how we do business as an organization to enhance efficiencies.

CalCPA had another strong year of contributions to CalCPA Institute. Our members contributed via direct contributions, financial literacy programs and increased chapter events. We funded more than \$290,000 in scholarships to future CPAs and educators during the year.

We have a program-driven, break-even budget in place for 2008–09 that continues to provide for excellent member service and long-term financial stability for CalCPA. We are well positioned for another financially successful year.

Andrea G. Cope, CPA



CALIFORNIA CPA EDUCATION FOUNDATION TREASURER'S REPORT



The Education Foundation has completed another productive year with total operating revenues of \$12.3 million. An increase in the number of events offered in response to market demand, improved and focused marketing efforts, an increase in our on-site training program and the addition of more webcasts contributed to our success. Live course and conference events reached record attendance levels with more than 53,000 seats sold. More firms took advantage of on-site training, which resulted in a 52 percent increase in revenue over the prior year for this segment. Additionally, webcast revenue increased more than three times over last year and total participation doubled. Sponsorship revenue also increased primarily due to the Young Emerging Professionals Conference, which attracted more than 500 people between the two locations.

Although from an operational standpoint the Foundation experienced an overall net increase to assets, three major factors contributed to a loss at year-end. The three major contributing factors were a net loss from investments caused by poor market conditions, the inclusion of termination costs of the defined benefit pension plan and significant increases in event facilities costs.

In spite of the financial challenges, the Foundation's net assets remain strong at \$5.7 million.

The Education Foundation continues to provide high-value, quality professional education and is responding positively and forcefully to changing demographics and market conditions. We will continue to pursue growth in all areas of business through more focused marketing, improved live programming, responding quickly to changing regulations and hot topics, new instructors and speakers, and enhanced e-learning opportunities.

Robert H. Jones, CPA





MACIAS GINI & O'CONNELL LLP

To the Council of
the California Society of Certified Public Accountants
To the Board of Trustees of
the California Certified Public Accountants Education Foundation

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combining statements of financial position of the California Society of Certified Public Accountants (Society) and California Certified Public Accountants Education Foundation (Foundation) as of April 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of the Society and the Foundation. 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 financial statements are free of material misstatement. An audit includes consideration of internal control over the financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's and Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combining financial position of the California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation as of April 30, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP".

Certified Public Accountants
Sacramento, California

May 28, 2008

COMBINING STATEMENTS OF FINANCIAL POSITION

California Society Of Certified Public Accountants
California Certified Public Accountants Education Foundation

April 30, 2008 And 2007

(Amounts Expressed In Thousands)

	Society		Foundation		Combined	
	2008	2007	2008	2007	2008	2007
ASSETS						
Current Assets:						
Cash and Equivalents	\$ 7,406	\$ 5,626	\$ 1,603	\$ 2,081	\$ 9,009	\$ 7,707
Trade Receivables, Net	184	278	73	244	257	522
Other Accounts Receivable	261	234	16	—	277	234
Due From (To) Affiliate	318	725	(318)	(725)	—	—
Other Current Assets	334	373	342	375	676	748
Total Current Assets	8,503	7,236	1,716	1,975	10,219	9,211
Investments	12,588	12,411	7,490	7,527	20,078	19,938
Property and Equipment, Net	557	711	212	190	769	901
Prepaid Pension Cost	—	261	—	124	—	385
Deferred Compensation Assets	433	441	—	—	433	441
TOTAL ASSETS	\$ 22,081	\$ 21,060	\$ 9,418	\$ 9,816	\$ 31,499	\$ 30,876
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts Payable	\$ 261	\$ 267	\$ 180	\$ 115	\$ 441	\$ 382
Accrued Expenses	687	633	545	964	1,232	1,597
Deferred Revenues	6,593	5,895	2,703	2,272	9,296	8,167
Deferred Lease Costs	97	93	43	46	140	139
Total Current Liabilities	7,638	6,888	3,471	3,397	11,109	10,285
Deferred Lease Costs, Net	167	241	52	92	219	333
Accrued Pension Liability	500	—	200	—	700	—
Deferred Compensation Liability	433	441	—	—	433	441
TOTAL LIABILITIES	8,738	7,570	3,723	3,489	12,461	11,059
NET ASSETS:						
Unrestricted	11,843	12,097	5,609	6,225	17,452	18,322
Temporarily Restricted	1,500	1,393	—	17	1,500	1,410
Permanently Restricted	—	—	86	85	86	85
TOTAL NET ASSETS	13,343	13,490	5,695	6,327	19,038	19,817
TOTAL LIABILITIES AND NET ASSETS	\$ 22,081	\$ 21,060	\$ 9,418	\$ 9,816	\$ 31,499	\$ 30,876

The accompanying notes are an integral part of these financial statements.

COMBINING STATEMENTS OF ACTIVITIES

California Society Of Certified Public Accountants
California Certified Public Accountants Education Foundation

Years Ended April 30, 2008 And 2007

(Amounts Expressed In Thousands)

	Society		Foundation		Combined	
	2008	2007	2008	2007	2008	2007
REVENUES:						
Dues	\$ 8,376	\$ 8,242	\$ —	\$ —	\$ 8,376	\$ 8,242
Registration Fees	—	—	12,407	11,526	12,407	11,526
Peer Review Fees	884	942	—	—	884	942
Member Meetings and Events	1,129	1,072	—	—	1,129	1,072
Financial Literacy and Scholarships	624	494	—	—	624	494
Advertising	1,139	1,277	—	—	1,139	1,277
Services To (From) Related Entities	664	643	(162)	(158)	502	485
Royalties and Affinity Programs	97	96	87	75	184	171
Investment Income (Loss), Net	430	1,407	(189)	957	241	2,364
Other Income	316	229	—	—	316	229
TOTAL REVENUES	13,659	14,402	12,143	12,400	25,802	26,802
EXPENSES:						
Program Services:						
Member Events:						
Chapters	2,672	2,379	—	—	2,672	2,379
Committees	466	518	—	—	466	518
Other Activities	2,429	1,714	—	—	2,429	1,714
Other Member Services:						
Communications	2,328	2,206	—	—	2,328	2,206
Government Relations	987	947	—	—	987	947
Professional Education Programs	530	406	11,625	10,167	12,155	10,573
Total Program Services	9,412	8,170	11,625	10,167	21,037	18,337
Supporting Services:						
Management and General	3,973	3,664	1,051	2,107	5,024	5,771
Governance	421	434	99	100	520	534
TOTAL EXPENSES	13,806	12,268	12,775	12,374	26,581	24,642
CHANGE IN NET ASSETS	(147)	2,134	(632)	26	(779)	2,160
NET ASSETS:						
Beginning of Year	13,490	11,356	6,327	6,301	19,817	17,657
End of Year	\$ 13,343	\$ 13,490	\$ 5,695	\$ 6,327	\$ 19,038	\$ 19,817

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

California Society Of Certified Public Accountants
Years Ended April 30, 2008 And 2007

(Amounts Expressed In Thousands)

2008	Member Events			Other Member Services		Professional Education Programs	Supporting Services		Total
	Chapters	Committees	Other Activities	Communi- cations	Government Relations		Scholarships and Financial Literacy	Management and General Governance	
Personnel	\$ 1,020	\$ 219	\$ 1,435	\$ 1,090	\$ 712	\$ 125	\$ 2,678	\$ 88	\$ 7,367
Supplies and Office	84	11	281	149	176	68	1,041	11	1,821
Meeting and Event	1,394	186	178	5	13	62	26	274	2,138
Occupancy	117	25	164	125	82	—	307	10	830
Printing and Publications	7	15	172	411	10	34	117	17	783
Special Projects	2	—	—	446	—	—	7	17	472
Scholarship Distributions	—	—	—	—	—	291	—	—	291
Depreciation and Amortization	48	10	68	52	34	—	127	4	343
Allocated	—	—	131	50	(40)	(50)	(330)	—	(239)
TOTAL	\$ 2,672	\$ 466	\$ 2,429	\$ 2,328	\$ 987	\$ 530	\$ 3,973	\$ 421	\$ 13,806
2007									
Personnel	\$ 751	\$ 193	\$ 1,038	\$ 919	\$ 673	\$ 92	\$ 2,343	\$ 86	\$ 6,095
Supplies and Office	141	46	187	171	176	20	1,036	3	1,780
Meeting and Event	1,319	227	50	4	9	14	47	292	1,962
Occupancy	103	26	139	124	91	—	316	12	811
Printing and Publications	26	16	91	413	4	22	140	22	734
Special Projects	1	—	—	479	—	3	8	15	506
Scholarship Distributions	—	—	—	—	—	305	—	—	305
Depreciation and Amortization	38	10	52	46	34	—	119	4	303
Allocated	—	—	157	50	(40)	(50)	(345)	—	(228)
TOTAL	\$ 2,379	\$ 518	\$ 1,714	\$ 2,206	\$ 947	\$ 406	\$ 3,664	\$ 434	\$ 12,268

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

California Certified Public Accountants Education Foundation

Years Ended April 30, 2008 And 2007

(Amounts Expressed In Thousands)

	Professional Education Programs	Management and General	Governance	Total
2008				
Course and Conference	\$ 7,670	\$ —	\$ —	\$ 7,670
Personnel	2,135	770	97	3,002
Brochures	657	—	—	657
Supplies and Office	290	130	2	422
Occupancy	294	77	—	371
Depreciation and Amortization	69	18	—	87
Allocated	349	(110)	—	239
Other	161	166	—	327
TOTAL	\$ 11,625	\$ 1,051	\$ 99	\$ 12,775
2007				
Course and Conference	\$ 6,614	\$ —	\$ —	\$ 6,614
Personnel	1,814	1,671	96	3,581
Brochures	610	—	—	610
Supplies and Office	272	144	2	418
Occupancy	301	80	—	381
Depreciation and Amortization	74	19	—	93
Allocated	314	(86)	—	228
Other	168	279	2	449
TOTAL	\$ 10,167	\$ 2,107	\$ 100	\$ 12,374

The accompanying notes are an integral part of these financial statements.

COMBINING STATEMENTS OF CASH FLOWS

California Society Of Certified Public Accountants
California Certified Public Accountants Education Foundation

Years Ended April 30, 2008 And 2007

(Amounts Expressed In Thousands)

	Society		Foundation		Combined	
	2008	2007	2008	2007	2008	2007
OPERATING ACTIVITIES:						
Change in Net Assets	\$ (147)	\$ 2,134	\$ (632)	\$ 26	\$ (779)	\$ 2,160
Reconciliation of the Change in Net Assets to Net Cash Provided by Operating Activities:						
Net Realized and Unrealized						
(Gains) Losses on Investments	461	(668)	990	(255)	1,451	(923)
Depreciation and Amortization	343	303	87	93	430	396
Loss on Disposal of Property & Equipment	—	—	—	6	—	6
Changes In:						
Trade and Other Receivables, Net	67	(79)	155	(106)	222	(185)
Due From (To) Affiliate	407	(577)	(407)	577	—	—
Other Current Assets	39	(31)	33	(66)	72	(97)
Prepaid Pension Cost	261	(261)	124	(124)	385	(385)
Accounts Payable	(6)	(49)	65	68	59	19
Accrued Expenses	54	—	(419)	454	(365)	454
Deferred Revenues	698	173	431	437	1,129	610
Deferred Lease Costs	(70)	(69)	(43)	(12)	(113)	(81)
Accrued Pension Liability	500	(28)	200	(13)	700	(41)
Net Cash Provided by Operating Activities	2,607	848	584	1,085	3,191	1,933
INVESTING ACTIVITIES:						
Purchases of Investments	(1,170)	(3,285)	(2,120)	(912)	(3,290)	(4,197)
Proceeds from Sale of Investments	532	2,370	1,166	1,153	1,698	3,523
Purchases of Property and Equipment	(189)	(262)	(108)	(97)	(297)	(359)
Net Cash Provided by (Used in) Investing Activities	(827)	(1,177)	(1,062)	144	(1,889)	(1,033)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	1,780	(329)	(478)	1,229	1,302	900
CASH AND EQUIVALENTS:						
Beginning of Year	5,626	5,955	2,081	852	7,707	6,807
End of Year	\$ 7,406	\$ 5,626	\$ 1,603	\$ 2,081	\$ 9,009	\$ 7,707

The accompanying notes are an integral part of these financial statements.

notes to the Combining Financial Statements

(Amounts Expressed In Thousands)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The California Society of Certified Public Accountants (Society) is a nonprofit incorporated membership organization whose purpose is to advance the profession of accountancy in the State of California. The Society provides its members with general and technical resources through its chapters and committees. California Certified Public Accountants Education Foundation (Foundation) is a nonprofit public benefit corporation organized to provide continuing professional education to Certified Public Accountants (CPAs) and other interested parties. Revenues for both the Society and the Foundation are derived primarily from CPAs in California. The Society and the Foundation share some administrative functions. Such costs are allocated between the entities based on their estimated share. The California CPA Institute (the Institute), a nonprofit organization under Internal Revenue Code Section 501(c)(3), was formed in October 2004 to account for scholarship activities and financial literacy program. The activities of the Institute are included in the Society.

PRINCIPLES OF COMBINATION – The Board of Trustees of the Foundation consists of members of the Society who are elected by the governing Council of the Society. Because of common control, the accompanying financial statements reflect the combining of the Society and the Foundation.

BASIS OF PRESENTATION – The financial statements are presented in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not—For—Profit Organizations. Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

REVENUE RECOGNITION – Membership dues are recognized as revenue over the membership period. Peer review registration fees are recognized over the calendar year. Peer review processing and review fees are recognized when review engagements are completed. Revenues from professional education programs are recognized in the periods the programs are held. Revenues collected in advance are deferred until earned.

CASH AND EQUIVALENTS – For financial statement purposes, the Society and the Foundation consider all investments with maturity at purchase of three months or less to be cash equivalents.

ALLOWANCE FOR DOUBTFUL ACCOUNTS – Allowance for doubtful accounts totaled \$11 for the Society at April 30, 2008 and 2007 and totaled \$6 for the Foundation at April 30, 2008 and 2007.

INVESTMENTS – Investments are stated at fair value. Unrealized and realized gains and losses are included in investment income reported on the combining statements of activities.

PROPERTY AND EQUIPMENT – Property and equipment are stated at cost and depreciated or amortized using the straight—line method over estimated useful lives of 3 to 10 years.

DEFERRED LEASE COSTS – Rent expense is recognized on a straight—line basis over the lives of the leases. Deferred lease costs represent rent expense recognized in excess of rental payments made.

Other Income – Other income includes event sponsorships for various state committee meetings and conferences.

ADVERTISING COSTS – Advertising costs consist primarily of catalogs and brochures for educational seminars and other events. Advertising costs are capital-

ized as other current assets and charged to expense in the period the events occur. Other advertising costs are expensed as incurred.

DONATED SERVICES – Members of the Society donate their time to various activities of the Society and the Foundation, including the leadership of the organizations, committees, chapters, and member events. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

INCOME TAXES – The Society is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(6) and related California code sections. The Institute and the Foundation are both exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and related California code sections. However, the organizations are subject to income taxes from activities unrelated to their tax—exempt purposes. The Foundation is considered a publicly supported organization.

FUNCTIONAL EXPENSES – The costs of providing the program services and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services based on estimates of employees' time incurred and on usage of resources.

USE OF ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. RELATED PARTIES

The Society shares certain administrative functions with CAMICO Mutual Insurance Company (CAMICO) and Group Insurance Trust (GIT). The Society charges GIT and is charged by CAMICO for estimated shares of related expenses. The Society also sells services to CAMICO and GIT.

CAMICO provides professional liability insurance for Society members and is endorsed by the Society. Since CAMICO is not under common control with the Society and the Foundation, the financial statements do not reflect consolidation of CAMICO. Balances of \$39 and \$41 due from CAMICO as of April 30, 2008 and 2007, respectively, are included in the Society's other accounts receivable. Services purchased by CAMICO, net of expenses allocated from CAMICO, totaled \$179 and \$181 for the years ended April 30, 2008 and 2007, respectively.

GIT is a multiple—employer welfare arrangement formed to provide health and welfare insurance plans to Society members at favorable group rates. The Society's Council exerts control over the nomination process for the Board of Trustees of GIT. However, since regulatory agencies limit the Society's control of GIT's activities, the financial statements do not reflect consolidation of GIT. Balances of \$14 and \$45 due from GIT are included in the Society's other accounts receivable as of April 30, 2008 and 2007, respectively. Services purchased and expenses allocated for GIT totaled \$273 and \$277 for the years ended April 30, 2008 and 2007, respectively.

3. THE INSTITUTE

The activities of CalCPA Institute are reflected in the financial statements of the Society. This entity was formed to account for scholarship activities and financial literacy programs. Its revenues, expenses, and net assets for 2008 and 2007 are as follows:

notes to the Combining Financial Statements

(Amounts Expressed In Thousands)

	2008	2007
Current assets	\$432	\$290
Noncurrent assets	1,263	1,262
Total Assets	\$ 1,695	\$ 1,552
Current liabilities	\$ 18	\$ 44
Net Assets	1,677	1,508
Total liabilities and net assets	\$ 1,695	\$ 1,552
Revenue:		
Scholarship donations	\$ 371	\$ 378
Financial literacy donations	254	116
Investment and other income	28	211
Total revenue	653	705
Expenses:		
Administration expenses	192	64
Scholarship distributions	292	305
Total expenses	484	369
Change in net assets	169	336
Net assets, beginning of year	1,508	1,172
Net assets, end of year	\$ 1,677	\$ 1,508

4. PEER REVIEW PROGRAM

The financial statements of the Society include the operations of the Peer Review Program, which administers the American Institute of Certified Public Accountants' Peer Review Program in California, Arizona, and Alaska. Peer review expenses are included in other activities in the statements of activities and the statements of functional expenses. Revenues, expenses, and net assets for the program are summarized as follows:

	2008	2007
Revenues:		
Registration fees	\$ 695	\$ 719
Processing and review fees	189	223
Total peer review fees	884	942
Interest income	44	49
Other income	12	15
Total revenues	940	1,006
Expenses:		
Reviewer costs and operating expenses	1,016	949
Change in net assets	(76)	57
Net assets, beginning of year	560	503
Net assets, end of year	\$ 484	\$ 560

5. INVESTMENTS

Investments consist of the following:

	Society	Foundation	Combined
2008			
Debt securities	\$ 4,138	\$ 1,697	\$ 5,835
Equity securities	8,450	5,793	14,243
Total	\$ 12,588	\$ 7,490	\$ 20,078

	2008	2007	2006
Debt securities	\$ 4,505	\$ 1,337	\$ 5,842
Equity securities	7,906	6,190	14,096
Total	\$ 12,411	\$ 7,527	\$ 19,938

Investment income consists of the following:

	Society	Foundation	Combined
2008			
Interest and dividends	\$ 932	\$ 849	\$ 1,781
Net realized and unrealized losses	(461)	(990)	(1,451)
Investment income (loss)	471	(141)	330
Less investment expenses	(41)	(48)	(89)
Investment income (loss), net	\$ 430	\$ (189)	\$ 241
2007			
Interest and dividends	\$773	\$729	\$ 1,502
Net realized and unrealized gains	668	255	923
Investment income	1,441	984	2,425
Less investment expenses	(34)	(27)	(61)
Investment income, net	\$ 1,407	\$ 957	\$ 2,364

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Society	Foundation	Combined
2008			
Equipment	\$ 1,050	\$ 734	\$ 1,784
Software	983	573	1,556
Furniture	257	61	318
Leasehold improvements	679	4	683
Total	2,969	1,372	4,341
Less accumulated depreciation and amortization	(2,412)	(1,160)	(3,572)
Property and equipment, net	\$ 557	\$ 212	\$ 769
2007			
Equipment	\$ 990	\$ 712	\$ 1,702
Software	886	529	1,415
Furniture	257	61	318
Leasehold improvements	679	4	683
Total	2,812	1,306	4,118
Less accumulated depreciation and amortization	(2,101)	(1,116)	(3,217)
Property and equipment, net	\$ 711	\$ 190	\$ 901

notes to the Combining Financial Statements

(Amounts Expressed In Thousands)

7. DEFERRED REVENUES

Deferred revenues consist of the following:

	Society	Foundation	Combined
2008			
Dues	\$ 5,880	\$ —	\$ 5,880
Peer review registration fees	498	—	498
Advertising	215	—	215
Registration fees	—	2,703	2,703
Total	\$ 6,593	\$ 2,703	\$ 9,296

2007			
Dues	\$ 5,165	\$ —	\$ 5,165
Peer review registration fees	517	—	517
Advertising	213	—	213
Registration fees	—	2,272	2,272
Total	\$ 5,895	\$ 2,272	\$ 8,167

8. OPERATING LEASE COMMITMENTS

The Society and CAMICO lease office space for their corporate headquarters under non-cancelable operating leases expiring in July 2010. GIT and the Foundation sublease a portion of the office space for their corporate headquarters under non-cancelable sublease agreements with the Society and CAMICO, respectively, also expiring in July 2010. Sublease payments are based on square footage occupied.

The Society also leases office space in Sacramento and Glendale under non-cancelable operating leases expiring in April and November of 2013, respectively while San Diego's operating lease expires in June of 2011.

Future minimum lease payments under these agreements, net of minimum sublease receipts from GIT, are as follows:

Year ending April 30,	Society	Foundation	Combined
2009	\$ 743	\$ 404	\$ 1,147
2010	775	420	1,195
2011	408	324	732
2012	288	—	288
2013	228	—	228
Total	\$ 2,442	\$ 1,148	\$ 3,590

Rent expense, recorded net of the portion of the Society's lease paid by GIT, is as follows:

	2008	2007
Society	\$ 674	\$ 675
Foundation	371	376
Combined	\$ 1,045	\$ 1,051

9. RETIREMENT PLANS

Defined Benefit Pension Plan

The Society sponsored a defined benefit pension plan for substantially all full-time employees of the Society and the Foundation. Effective May 31, 2003, the defined benefit pension plan was frozen, and was closed to further benefit accrual or new participants. On December 7, 2007, the Society authorized the termination of the plan, and intends to settle the accumulated benefit obligation of \$8,928 by purchasing nonparticipating annuity contracts for current retirees, and allowing for lump sum distributions for active and deferred vested participants, which is expected to occur during the fiscal year ending April 30, 2009. Defined benefits were not provided under any successor plan. The plan ceased to exist as an entity. The

Society's funding policy is to contribute annually an amount not less than the ERISA minimum funding requirement. The following information is based on computations by the plan actuary:

	2008	2007
Net periodic pension expense (income):		
Society	\$ (123)	\$ (88)
Foundation	(51)	(41)
Total	\$ (174)	\$ (129)
Employer contributions	\$ —	\$ 191
Benefits paid	\$ 228	\$ 200

The plan's funded status and balance recognized are as follows:

	2008	2007
Fair value of plan assets as of April 30	\$ 8,253	\$ 7,913
Projected and accumulated benefit obligation as of April 30	8,928	7,591
Funded status	\$ (675)	\$ 322
Accrued pension asset (liability) included in the statements of financial position	\$ (700)	\$ 385

The following weighted average assumptions were used in the actuarial computations.

	2008	2007
Benefit obligation at April 30		
Discount rate (See discussion below)	4.37%-5.25%	6.00%
Rate of compensation increase	N/A	N/A
Net periodic pension expense for years ended April 30:		
Discount rate	6.00%	6.25%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	N/A	N/A

The discount rate applicable to active and deferred vested participants is driven by the assumption that 100% will elect a lump sum form of payment upon the plan's termination, which is expected to occur on November 1, 2008. The plan was amended to allow lump sums to such participants, subject to the Pension Protection Act (PPA) of 2006. The PPA prescribes segmented interest rates for this purpose, with each of the three rates applicable to a group of expected cash flows based on the time elapsed between the measurement date and the expected date of the cash flow. The rates are 4.37%, 4.79% and 4.91%; respectively, they apply to cash flows occurring within the first 5 years, between 6 and 20 years, and beyond 20 years from the measurement date. The Society has elected to use a 2-month lookback period, using rates effective for March, 2008. For retired participants, a discount rate of 5.25% was selected by the Society as an approximation for the rate applicable in an annuity purchase.

The expected long-term rate of return on plan assets was developed by adding the weighted average historical risk premiums on the asset classes held in the plan to the long-term expectation of inflation.

The plan's primary investment objective is principal preservation. To meet this objective, the plan is expected to maintain 100% of its assets in cash equivalents. The actual and projected assets allocations for the plan are as follows:

Asset Category	Target 2009	Actual 2008	Actual 2007
Marketable equity securities	0%	0%	62%
Marketable debt securities	0%	0%	36%
Cash equivalents	100%	100%	2%
Total	100%	100%	100%

notes to the Combining Financial Statements

(Amounts Expressed In Thousands)

Expected employer contributions are \$675 for the year ending April 30, 2008 are due in 2009. The total expected benefit payments for 2009 is \$8,928.

In September 2006, the FASB issued Statement 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. Statement 158 requires the Society to show the funded status of its pension and retiree health care plans as a prepaid asset or accrued liability. The Society adopted the provisions of Statement 158, as required, for the year ended April 30, 2008. However, the adoption of Statement 158 had no significant impact on the financial statements of the Society or Foundation at April 30, 2008.

Defined Contribution Plan

The Society and the Foundation sponsor a defined contribution plan under IRC Section 401(k). All employees at least 21 years of age who have completed one year of service are eligible to participate. Effective May 1, 2003, the Society and the Foundation enhanced the plan and began making matching contributions up to 4% of salary. In addition, all employees, regardless of participation, earn an employer contribution equal to 3% of salary. Employer contributions for 2008 totaled \$242 for the Society and \$124 for the Foundation and for 2007 totaled \$297 for the Society and \$113 for the Foundation. All employer contributions vest at a rate of 20% per year after five years.

Deferred Compensation Plan

The Society maintains a deferred compensation plan under IRC Section 457. Deferred compensation assets consist of investments reserved for future payment of deferred compensation liabilities. There are no employer contribution expenses associated with this plan because all current contributions are made only by employees.

10. ADVERTISING COSTS

The Foundation's advertising costs consist primarily of catalogs and brochures for events. Other current assets include capitalized advertising costs of \$103 and \$112 as of April 30, 2008 and 2007, respectively. Advertising costs charged to expense for the years ended April 30, are as follows:

	<u>2008</u>	<u>2007</u>
Society	\$ 447	\$ 486
Foundation	657	610
Combined	<u>\$ 1,104</u>	<u>\$ 1,096</u>

11. NET ASSETS

The changes in the Society's net assets for the years ended April 30, 2008 and 2007 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets as of			
April 30, 2007	\$ 12,097	\$ 1,393	\$ 13,490
Changes in net assets	(254)	107	(147)
Net assets as of			
April 30, 2008	<u>\$ 11,843</u>	<u>\$ 1,500</u>	<u>\$ 13,343</u>
Net assets as of			
April 30, 2006	\$ 10,169	\$ 1,187	\$ 11,356
Changes in net assets	1,928	206	2,134
Net assets as of			
April 30, 2007	<u>\$ 12,097</u>	<u>\$ 1,393</u>	<u>\$ 13,490</u>

As of April 30, 2008 and 2007 the net assets of the Society includes \$1,500 and \$1,393 respectively, that are temporarily restricted for scholarships and financial literacy. The net \$107 increase during the year ended April 30, 2008 is the result of donations and investment appreciation, net of fees, totaling \$621 less administration cost and scholarship distributions of \$514. The net \$206 increase during the year ended April 30, 2007 is the result of donations and investment appreciation, net of fees, totaling \$625, less administration cost and scholarship distributions of \$419. In addition, the Society has designated \$4,500 and \$3,500 of its net assets to a building fund as of April 30, 2008 and 2007, respectively.

Changes in the unrestricted, temporarily restricted and permanently restricted net assets for the years ended April 30, 2008 and 2007 are summarized below for the Foundation.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets as of				
April 30, 2007	\$ 6,225	\$ 17	\$ 85	\$ 6,327
Changes in net assets	(616)	(17)	1	(632)
Net assets as of				
April 30, 2008	<u>\$ 5,609</u>	<u>\$ —</u>	<u>\$ 86</u>	<u>\$ 5,695</u>
Net assets as of				
April 30, 2006	\$ 6,173	\$ 47	\$ 81	\$ 6,301
Changes in net assets	52	(30)	4	26
Net assets as of				
April 30, 2007	<u>\$ 6,225</u>	<u>\$ 17</u>	<u>\$ 85</u>	<u>\$ 6,327</u>

As of April 30, 2008 and 2007, the Foundation's permanently restricted net assets were \$86 and \$85, respectively, which represented a restricted endowment for the John F. Forbes Medal Fund. The earnings from this endowment are used to purchase the Forbes medal, which may be granted each year to the candidates in California receiving the highest grade score on the uniform CPA examination. During the years ended April 30, 2008 and 2007 the endowment earned \$1 and \$4, respectively. Temporarily restricted net assets of \$17 and \$30 were released from donor restrictions through distribution of doctoral scholarships satisfying the program restrictions as of April 30, 2008, and 2007, respectively.

12. CONCENTRATION OF CREDIT RISK

The Society and the Foundation maintain a majority of their cash in money market accounts that are not federally insured and in bank deposit accounts that, at times, may exceed federally insured limits. As of April 30, 2008 the Society's cash and cash equivalents was comprised of deposits with a book balance of \$7,406 and had a balance per financial institutions of \$7,177, of which \$6,918 was not insured by the Federal Deposit Insurance Corporation (FDIC) or the Security Investor Protection Corporation (SIPC). As of April 30, 2008 the Foundation's cash and cash equivalents was comprised of deposits with a book balance of \$1,603 and had a balance per financial institutions of \$1,446, of which \$1,346 was not insured by the FDIC or SIPC. The organizations have not experienced any losses in such accounts. Management believes the organizations are not exposed to any significant credit risk related to cash and cash equivalents.