



Katherine Leonard

CaICPA TREASURER'S REPORT

A circle of success would be an apt description of the financial results of CaICPA for 2006-07. Our phenomenal membership growth (to more than 30,000 members) fueled an increase in dues revenues, greater participation at chapter events and more opportunities for sponsorship and publication revenue. CaICPA experienced a positive change in net assets of more than \$2 million.

Our expanded portfolio of investments resulted in greater investment income, while a well monitored investment policy steered us through stock market fluctuations.

Meeting costs increased due to greater member participation and rising facility costs. The budget for 2007-08 was formulated with the expectation of continued increase in these costs.

Due to our highly successful year, the CaICPA Council voted to add \$1 million to the CaICPA Board designated building fund, bringing that total to \$4.5 million.

Our members also generously funded the next generation of CPAs through donations to the CaICPA Institute, a separate 501(c)(3) entity which supports our scholarship efforts and financial literacy programs. We distributed more than \$305,000 in scholarships. We also delivered significant benefit to the public through our financial literacy outreach.

The budget for 2007-08 maintains existing member service, while adding the Financial Leadership Forum, which is focused on our members in industry. The coming year also will include an event to recognize the contribution of women to the CPA profession; a repeat of our successful Young and Emerging CPA Conference; and our Financial Literacy Summit. With highly competent staff, tight budget controls, significant and generous volunteer commitment, well monitored investments and outreach to sponsors, we anticipate accomplishing all of our goals in the coming year.

Katherine T. Leonard, CPA



Pamela Kelty

FOUNDATION TREASURER'S REPORT

California CPA Education Foundation's financial statements for fiscal year ended April 30, 2007, the Foundation's 40th year of operations, demonstrate the organization's continued strength. The Foundation continues to provide outstanding continuing education to CPAs in California and other professionals in the state. Attendees also included CPAs from 10 other states and 17 individuals from foreign countries.

The Foundation ended the year with more than \$11 million in revenues and investment income was slightly less than \$1 million. An all-time attendance record of 52,088 was reached for the 761 courses offered during the year.

To celebrate the Foundation's 40th anniversary, the cap limiting the VP program to 11 classes was eliminated, offering unlimited use to VP holders. The number of VP holders increased by 4 percent as a result of this offer, and full-pay attendance increased by 1.7 percent overall. Revenues from webcasts increased by 268 percent since the Foundation took over this endeavor from its third-party administrator and on-site training revenues increased by 51 percent. This year was definitely about the customers and the Foundation's way of saying thank you to the membership.

The unlimited use by VP holders increased overall event related expenses and direct expenses exceeded budget by 17.6 percent. The increase in attendance exceeded estimates and hotel costs for facilities and food continued to increase.

Indirect expenses exceeded budget by 31 percent as result of changes in the shared services with CaICPA and the accrual of other personnel expenses.

The change in total assets of \$1 million can be attributed to the strong revenue growth mentioned above, along with investment income and gains of approximately \$957,000.

The Foundation continues to be a strong organization and a premier provider of quality continuing education, all while maintaining a positive bottom line. The Foundation has experienced another excellent year.

Pamela S. Kelty, CPA





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

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, 2007 and 2006, 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, 2007 and 2006, 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.

Macias Gini & O'Connell LLP

Certified Public Accountants
Sacramento, California
May 30, 2007

COMBINING STATEMENTS OF FINANCIAL POSITION

California Society of Certified Public Accountants
California Certified Public Accountants Education Foundation

April 30, 2007 and 2006

(dollars in thousands)

	Society		Foundation		Consolidated	
	2007	2006	2007	2006	2007	2006
ASSETS						
Current Assets:						
Cash and Equivalents	\$ 5,626	\$ 5,955	\$ 2,081	\$ 852	\$ 7,707	\$ 6,807
Trade Receivables, Net	278	211	244	133	522	344
Other Accounts Receivable	234	222		5	234	227
Due From (To) Affiliate	725	148	(725)	(148)		
Other Current Assets	373	342	375	309	748	651
Total Current Assets	7,236	6,878	1,975	1,151	9,211	8,029
Investments	12,411	10,828	7,527	7,513	19,938	18,341
Property and Equipment, Net	711	752	190	192	901	944
Prepaid Pension Cost	261		124		385	
Deferred Compensation Assets	441	353			441	353
TOTAL ASSETS	\$ 21,060	\$ 18,811	\$ 9,816	\$ 8,856	\$ 30,876	\$ 27,667
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts Payable	\$ 489	\$ 538	\$ 115	\$ 47	\$ 604	\$ 585
Accrued Expenses	411	411	964	510	1,375	921
Deferred Revenues	5,895	5,722	2,272	1,835	8,167	7,557
Deferred Lease Costs	93	34	46	18	139	52
Total Current Liabilities	6,888	6,705	3,397	2,410	10,285	9,115
Deferred Lease Costs, Net	241	369	92	132	333	501
Accrued Pension Liability		28		13		41
Deferred Compensation Liability	441	353			441	353
TOTAL LIABILITIES	7,570	7,455	3,489	2,555	11,059	10,010
NET ASSETS						
Unrestricted	12,246	10,318	6,225	6,173	18,471	16,491
Temporarily restricted	1,244	1,038	17	47	1,261	1,085
Permanently restricted	-	-	85	81	85	81
TOTAL NET ASSETS	13,490	11,356	6,327	6,301	19,817	17,657
TOTAL LIABILITIES AND NET ASSETS	\$ 21,060	\$ 18,811	\$ 9,816	\$ 8,856	\$ 30,876	\$ 27,667

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, 2007 and 2006

(dollars in thousands)

	Society		Foundation		Combined	
	2007	2006	2007	2006	2007	2006
OPERATING REVENUES:						
Dues	\$ 8,242	\$ 7,597			\$ 8,242	\$ 7,597
Registration Fees			\$ 11,526	\$ 10,625	11,526	10,625
Peer Review Fees	942	869			942	869
Member Meetings and Events	1,072	965			1,072	965
Financial Literacy and Scholarships	494	588			494	588
Advertising	1,277	1,219			1,277	1,219
Services To (From) Related Entities	643	639	(158)	(153)	485	486
Royalties and Affinity Programs	96	107	75	76	171	183
Investment Income, Net	1,407	1,855	957	1,269	2,364	3,124
Other Income	229	204			229	204
TOTAL REVENUES	14,402	14,043	12,400	11,817	26,802	25,860
OPERATING EXPENSES:						
Program Services:						
Member Events:						
Chapters	2,379	1,880			2,379	1,880
Committees	518	370			518	370
Other Activities	1,714	1,522			1,714	1,522
Other Member Services:						
Communications	2,206	1,901			2,206	1,901
Government Relations	947	804			947	804
Professional Education Programs	406	401	10,167	9,088	10,573	9,489
Total Program Services	8,170	6,878	10,167	9,088	18,337	15,966
Supporting Services:						
Management and General	3,664	4,118	2,107	1,119	5,771	5,237
Governance	434	360	100	37	534	397
TOTAL EXPENSES	12,268	11,356	12,374	10,244	24,642	21,600
CHANGE IN NET ASSETS	2,134	2,687	26	1,573	2,160	4,260
NET ASSETS:						
Beginning of Year	11,356	8,669	6,301	4,728	17,657	13,397
End of Year	\$ 13,490	\$ 11,356	\$ 6,327	\$ 6,301	\$ 19,817	\$ 17,657

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, 2007 and 2006

(dollars in thousands)

	Member Events			Other Member Services			Professional Education Programs			Supporting Services			Total
	Chapters	Committees	Other Activities	Communications	Government Relations	Scholarships and Financial Literacy	General	Management and	General	Governance	Total		
2007													
Personnel	\$ 751	\$ 193	\$ 1,038	\$ 919	\$ 673	\$ 92	\$ 2,343	\$ 86	\$ 6,095				
Supplies and Office Expenses	141	46	187	171	176	20	1,036	3	1,780				
Meeting and Event Expenses	1,319	227	50	4	9	14	47	292	1,962				
Occupancy	103	26	139	124	91	22	316	12	811				
Printing and Publications	26	16	91	413	4	3	140	22	734				
Special Projects	1			479			8	15	506				
Scholarship Distributions						305			305				
Depreciation and Amortization	38	10	52	46	34	(50)	119	4	303				
Allocated Expenses			157	50	(40)		(345)		(228)				
TOTAL	\$ 2,379	\$ 518	\$ 1,714	\$ 2,206	\$ 947	\$ 406	\$ 3,664	\$ 434	\$ 12,268				
2006													
Personnel	\$ 419	\$ 173	\$ 927	\$ 810	\$ 572	\$ 17	\$ 2,554	\$ 100	\$ 5,572				
Supplies and Office Expenses	49	26	140	111	155	32	1,126	20	1,659				
Meeting and Event Expenses	1,107	125	42	8	84	73	29	199	1,583				
Occupancy	61	25	136	118	7	65	374	15	813				
Printing and Publications	225	13	46	432	7	1	248	21	1,057				
Special Projects				353			1		354				
Scholarship Distributions						247			247				
Depreciation and Amortization	19	8	42	36	26	(33)	114	5	250				
Allocated Expenses			189	33	(40)		(328)		(179)				
TOTAL	\$ 1,880	\$ 370	\$ 1,522	\$ 1,901	\$ 804	\$ 401	\$ 4,118	\$ 360	\$ 11,356				

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, 2007 and 2006

(dollars in thousands)

2007	Professional Education Programs	Management and General	Governance	Total
Course and Conference Expenses	\$ 6,614	\$	\$	\$ 6,614
Personnel	1,814	1,671	96	3,581
Brochures	610			610
Supplies and Office Expenses	272	144	2	418
Occupancy	301	80		381
Depreciation and Amortization	74	19		93
Allocated Expenses	314	(86)		228
Other Expenses	168	279	2	449
Total	\$ 10,167	\$ 2,107	\$ 100	\$ 12,374

2006

Course and Conference Expenses	\$ 5,977	\$	\$	\$ 5,977
Personnel	1,577	702	28	2,307
Brochures	495			495
Supplies and Office Expenses	252	138	3	393
Occupancy	284	77		361
Depreciation and Amortization	129	34		163
Allocated Expenses	263	(84)		179
Other Expenses	111	252	6	369
Total	\$ 9,088	\$ 1,119	\$ 37	\$ 10,244

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, 2007 and 2006

(dollars in thousands)

	Society		Foundation		Combined	
	2007	2006	2007	2006	2007	2006
OPERATING ACTIVITIES:						
Change in Net Assets	\$ 2,134	\$ 2,687	\$ 26	\$ 1,573	\$2,160	\$ 4,260
Reconciliation of the Change in Net Assets to Net Cash Provided by Operating Activities:						
Net Realized and Unrealized Gains						
on Investments	(668)	(1,335)	(255)	(844)	(923)	(2,179)
Depreciation and Amortization	303	250	93	163	396	413
Loss on Disposal of Property and Equipment			6	3	6	3
Prepaid Pension Costs	(261)		(124)		(385)	
Changes In:						
Trade and Other Receivables	(79)	(137)	(106)	(20)	(185)	(157)
Due From (To) Affiliate	(577)	(87)	577	87		
Other Current Assets	(31)	(19)	(66)	132	(97)	113
Accounts Payable	(49)	40	68	(25)	19	15
Accrued Expenses		50	454	23	454	73
Deferred Revenues	173	127	437	(49)	610	78
Deferred Lease Costs	(69)	(49)	(12)	(6)	(81)	(55)
Accrued Pension Liability	(28)	(602)	(13)	(304)	(41)	(906)
Net Cash Provided by Operating Activities	848	925	1,085	733	1,933	1,658
INVESTING ACTIVITIES:						
Purchase of Investments	(3,285)	(1,843)	(912)	(863)	(4,197)	(2,706)
Proceeds From Sale of Investments	2,370	1,632	1,153	14	3,523	1,646
Purchases of Property and Equipment	(262)	(282)	(97)	(115)	(359)	(397)
Net Cash Provided by (Used in) Investing Activities	(1,177)	(493)	144	(964)	(1,033)	(1,457)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(329)	432	1,229	(231)	900	201
CASH AND EQUIVALENTS:						
Beginning of Year	5,955	5,523	852	1,083	6,807	6,606
End of Year	\$ 5,626	\$ 5,955	\$ 2,081	\$ 852	\$ 7,707	\$ 6,807

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

1. ORGANIZATION & 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*.

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 and \$13 for the Society at April 30, 2007 and 2006, respectively, and totaled \$6 at April 30, 2007 and 2006 for the Foundation.

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 capitalized 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 \$41 and \$37 due from CAMICO as of April 30, 2007 and 2006, respectively, are included in the Society's other accounts receivable. Services purchased by CAMICO, net of expenses allocated from CAMICO, totaled \$181 for 2007 and \$176 for 2006.

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 \$45 and \$48 due from GIT are included in the Society's other accounts receivable as of April 30, 2007 and 2006, respectively. Services purchased and expenses allocated for GIT totaled \$277 for 2007 and \$228 for 2006.

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 2007 and 2006 are as follows:

	2007	2006
38 Current assets	\$ 290	\$ 488
Noncurrent assets	1,262	873
Total Assets	1,552	1,361
Current Liabilities	44	189
Net Assets	1,508	1,172
Total Net Assets and Liabilities	1,552	1,361
Revenue:		
Scholarship donations	378	409
Financial literacy donations	116	178
Investment and other income	211	112
Total Revenue	705	699
Expenses:		
Administration expenses	64	153
Scholarship distributions	305	247
Change in net assets	336	299
Net assets, beginning of year	1,172	873
Net assets, end of year	\$ 1,508	\$ 1,172

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:

	2007	2006
Revenues:		
Registration fees	\$ 719	\$ 702
Processing and review fees	223	167
Total peer review fees	942	869
Interest income	49	31
Other income	15	13
Total revenue	1,006	913
Expenses:		
Reviewer costs and operating expenses	949	929
Change in net assets	57	(16)
Net assets, beginning of year	490	506
Net assets, end of year	\$ 547	\$ 490

5. INVESTMENTS

Investments consist of the following:

	Society	Foundation	Combined
2007			
Debt securities	\$ 4,505	1,337	5,842
Equity securities	7,906	6,190	14,096
Total	\$ 12,411	\$ 7,527	\$ 19,938
2006			
Debt securities	4,148	1,268	5,416
Equity securities	6,680	6,245	12,925
Total	\$ 10,828	\$ 7,513	\$ 18,341

Investment income consists of the following:

	Society	Foundation	Combined
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
2006			
Interest and dividends	\$547	\$459	\$1,006
Net realized and unrealized gains	1,335	844	2,179
Investment income	1,882	1,303	3,185
Less investment expenses	(27)	(34)	(61)
Investment income, net	\$1,855	\$ 1,269	\$ 3,124

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Society	Foundation	Combined
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
2006			
Equipment	\$ 892	\$ 636	\$ 1,528
Software	822	526	1,348
Furniture	225	61	286
Leasehold improvements	672	-	672
Total	2,611	1,223	3,834
Less accumulated depreciation and amortization	(1,859)	(1,031)	(2,890)
Property and equipment, net	\$ 752	\$ 192	\$ 944

7. DEFERRED REVENUES

Deferred revenues consist of the following:

Society:	2007	2006
Dues	\$ 5,165	\$ 4,883
Peer review registration fees	517	550
Advertising	213	206
Registration fees	–	–
Institute	–	83
Society total	5,895	5,722
Foundation:		
Registration fees, including Value Pricing (VP) program	2,272	1,835
Combined	\$ 8,167	\$ 7,557

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 February and November of 2008, 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
2008	\$ 685	\$ 388	\$ 1,073
2009	543	404	947
2010	508	420	928
2011	134	324	458
Total	\$ 1,870	\$ 1,536	\$ 3,406

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

	2007	2006
Society	\$ 693	\$ 671
Foundation	376	372
Combined	\$ 1,069	\$ 1,043

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 has been frozen, and is therefore closed to further benefit accrual or new participants. 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:

	2007	2006
Net periodic pension expense (income):		
Society	\$ (88)	\$ (45)
Foundation	(41)	(22)
Total	\$ (129)	\$ (67)

Employer contributions	\$ 191	\$ 403
Benefits paid	\$ 200	\$ 197

The plan's funded status & balanced recognized are as follows:

	2007	2006
Fair value of plan assets		
as of April 30	\$ 7,913	\$ 7,156
Projected & accumulated benefit obligation		
as of April 30	7,591	7,197
Funded status	\$ 322	\$ (41)
Accrued pension asset (liability)		
included in the statements		
of financial position	\$ 385	\$ (41)

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

	2007	2006
Benefit obligation at April 30:		
Discount rate	6.00%	6.25%
Rate of compensation increase	N/A	N/A
Net periodic pension expenses for years ended April 30:		
Discount rate	6.25%	5.50%
Expected long-term rate		
of return on plan assets	8.00%	8.00%
Rate of compensation increase	N/A	N/A

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 a balance among capital appreciation, preservation of capital, and current income, with a goal of attaining an 8% annual rate of return net of fees. To meet this objective, the plan is expected to maintain between 50% and 70% of its assets in marketable equity securities and the remainder mostly in marketable debt securities. The actual and projected assets allocations for the plan are as follows:

Asset category	Target	Actual	Actual
	2008	2007	2006
Marketable equity securities	60%	62%	62%
Marketable debt securities	38%	36%	37%
Cash equivalents	2%	2%	1%
Total	100%	100%	100%

Expected employer contributions range from none to \$100 for the year ending April 30, 2007 and are due in 2008. The expected benefit payments for the next 10 years are as follows:

2008	\$ 294
2009	343
2010	370
2011	398
2012	416
2013-2017	2,416

In September 2006, the FASB issued Statement 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. Statement 158 will

require the Society to show the funded status of its pension and retiree health care plans as a prepaid asset or accrued liability and to show as part of net assets the net deferred and unrecognized gains and losses related to the plans. Previously, the net deferred and unrecognized gains and losses were netted in the prepaid asset or accrued liability recorded for the retirement plans. The Society will adopt provisions of Statement 158, as required, for the year ending 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 2007 totaled \$297 for the Society and \$113 for the Foundation; and for 2006 totaled \$266 for the Society and \$137 for the Foundation. All employer contributions vest at a rate of 20% per year.

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 \$112 and \$150 as of April 30, 2007 and 2006, respectively. Advertising costs charged to expense for the years ended April 30, are as follows:

	<u>2007</u>	<u>2006</u>
Society	\$ 486	\$ 354
Foundation	610	495
Combined	\$ 1,096	\$ 849

11. NET ASSETS

The changes in the Society's net assets for the years ended April 30, 2007 and 2006 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets as of April 30, 2006:	\$ 10,318	\$ 1,038	\$ 11,356
Changes in net assets	1,928	206	2,134
Net assets as of April 30, 2007	12,246	1,244	13,490

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets as of April 30, 2005:	\$ 7,898	\$ 771	\$ 8,669
Changes in net assets	2,420	267	2,687
Net assets as of April 30, 2006	10,318	1,038	11,356

As of April 30, 2007 and 2006 the net assets of the Society includes \$1,244 and \$1,038, respectively, that are temporarily restricted for scholarships and financial literacy. 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. The net \$267 increase during the year ended April 30, 2006 is the result of donations and investment appreciation, net of fees, totaling \$668, less administration cost and scholarship distributions of \$401. In addition, the Society has designated \$3,500 and \$2,000 of its net assets to a building fund as of April 30, 2007 and 2006, respectively.

Changes in the unrestricted temporarily restricted and permanently restricted net assets for the years ended April 30, 2007 and 2006 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, 2006:	\$ 6,173	\$ 47	\$ 81	\$ 6,301
Changes in net assets	52	(30)	4	26
Net assets as of April 30, 2007	6,225	17	85	6,327

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets as of April 30, 2005:	\$ 4,596	\$ 54	\$ 78	\$ 4,728
Changes in net assets	1,577	(7)	3	1,573
Net assets as of April 30, 2006	6,173	47	81	6,301

As of April 30, 2007 and 2006, the Foundation's permanently restricted net assets were \$85 and \$81, 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, 2007 and 2006 the endowment earned \$4 and \$3, 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, 2007 the Society's cash and cash equivalents was comprised of deposits with a book balance of \$5,626 and had a balance per financial institutions of \$5,626, of which \$5,403 was not insured by the Federal Deposit Insurance Corporation (FDIC) or the Security Investor Protection Corporation (SIPC). As of April 30, 2007 the Foundation's cash and cash equivalents was comprised of deposits with a book balance of \$2,081 and had a balance per financial institutions of \$2,067, of which \$1,967 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.

13. LINE OF CREDIT

The Society has a revolving loan agreement providing for borrowing of up to \$3,000 at April 30, 2007. Under the agreement, interest is payable monthly at the prime rate minus .60% or the London InterBank Offered Rates ("LIBOR") plus 1.65%, whichever is lower. The revolving loan agreement was executed on January 22, 2007 and there have been no borrowings against the agreement to date.