



## CalCPA TREASURER'S REPORT



In spite of continued economic uncertainties, CalCPA has completed yet another successful year. One area this success is reflected in is our financial statements—our net assets increased by \$3.3 million. This is a combination of operational revenues being higher than projected, and expenses being lower than expected, as well as an increase in net investment gains.

Membership and staff worked hard to achieve these results. Greater than expected member dues renewals and new applications (we surpassed 38,000 members!), as well as an increase in chapter events, contributed to the bottom line. Additionally, staff continued their efforts to control costs; clearly these efforts paid off.

We are also fortunate to have our investments perform well, under the capable guidance of the Investment Committee and our professional investment advisers, Halbert Hargrove. Having sat in on most of the Investment Committee meetings, I can assure you that these folks are very diligent in making sure our investments are managed appropriately.

As we look to the coming year, we are committed to the success and strength of CalCPA, and are grateful to the membership and staff who will continue to ensure that CalCPA remains one of the preeminent membership organizations in the country.

—*Johanna Sweeney Salt, CPA*



## CALIFORNIA CPA EDUCATION FOUNDATION TREASURER'S REPORT



The Education Foundation's 2010–11 fiscal year was, in a word, remarkable. Net assets increased markedly, driven by program success and solid investment performance. During the year, the Foundation saw dramatic shifts in customer delivery preferences toward web-based services, but capitalized on delivering top-quality, affordable education for California financial professionals.

Webcast attendance continued to surge with a 119 percent increase in seats sold, which contributed to a 7 percent increase in overall seats sold. The Foundation also experienced a 10 percent increase in individual customers in 2010 compared to 2009.

We introduced new discount programs in 2010–11, including VP24, which helped overall VP sales increase 13 percent over 2009–10. And our elearning pass sales exceeded budget by more than 28 percent!

An important driver to Foundation business is to ensure we meet CalCPA membership needs. Toward that goal, we offered more than a dozen free webcasts to members and collaborated with CalCPA on the inaugural Emerging Leaders Certificate Program.

The Foundation experienced a 31 percent increase in self-study customers in 2010 compared to 2009. Much of this growth is due to increase in self-study offerings, including those for the new ethics requirement.

Last year, the Foundation started piloting paperless courses and in January, the trustees voted to support a full paperless initiative and starting Sept. 1, the majority of our course and conference materials will be delivered via e-books. This change is an example of the Foundation's commitment to fiscal and environmental sustainability.

Ensuring top quality education is critical to the Foundation. Our members gave an average instructor rating for knowledge of subject is 4.7 and overall average for instructors is 4.5 out of 5.0!

To conclude, the Foundation had a remarkable year with total assets increasing by \$2.3 million and the value of investments bouncing back with a 17 percent increase over last year (\$7.4 million vs. \$6.4 million). Total liabilities were up a modest \$100,000 primarily due to the increase in deferred lease costs associated with the new office lease for the relocation of headquarters to 1800 Gateway Drive in San Mateo.

—*Thomas Fil, CPA*





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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined 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, 2011 and 2010, and the related combined statements of activities, functional expenses, and cash flows for the years then ended. These combined financial statements are the responsibility of the management of the Society and the Foundation. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over 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 combined financial statements, 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 combined financial position of the California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation as of April 30, 2011 and 2010, 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.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied 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.

*Macias Gini & Counsel LLP*

Walnut Creek, California  
June 8, 2011

## COMBINED STATEMENTS OF FINANCIAL POSITION

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

Years Ended April 30, 2011 and 2010

(Amounts Expressed In Thousands)

	2011	2010
<b>ASSETS:</b>		
Current Assets:		
Cash and Equivalents	\$ 11,399	\$ 11,552
Accounts Receivable, Net	158	185
Other Receivables	192	81
Receivable—Affiliates	71	54
Prepaid Expenses and Other	795	1,214
<b>Total Current Assets</b>	<b>12,615</b>	<b>13,086</b>
Investments	26,785	21,647
Investments—Endowment	50	50
Property and Equipment, Net	3,019	514
Trust Assets—Deferred Compensation	716	550
<b>TOTAL ASSETS</b>	<b>\$ 43,185</b>	<b>\$ 35,847</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Current Liabilities:		
Accounts Payable	\$ 577	\$ 328
Accrued Expenses	1,188	1,234
Deferred Revenues	9,777	10,411
Deferred Lease Costs, Current	194	85
<b>Total Current Liabilities</b>	<b>11,736</b>	<b>12,058</b>
Deferred Lease Costs, Less Current	1,844	—
Deferred Compensation	716	550
<b>TOTAL LIABILITIES</b>	<b>14,296</b>	<b>12,608</b>
Net Assets:		
Unrestricted	26,800	21,415
Temporarily Restricted	2,039	1,774
Permanently Restricted	50	50
<b>Total Net Assets</b>	<b>28,889</b>	<b>23,239</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 43,185</b>	<b>\$ 35,847</b>

See accompanying notes to the combined financial statements.

## COMBINED STATEMENTS OF ACTIVITIES

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

Years Ended April 30, 2011 and 2010

(Amounts Expressed In Thousands)

	2011	2010
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted Revenues and Gains:		
Dues	\$ 9,915	\$ 9,762
Professional Education Programs	13,517	12,975
Peer Review Fees	1,147	1,110
Member Meetings and Events	509	491
Advertising	689	701
Affiliation Fees	559	513
Royalties and Affinity Programs	165	176
Investment Income, Net	3,037	4,010
Other Income	90	228
Total Unrestricted Revenues and Gains	29,628	29,966
Net Assets Released from Restrictions	553	363
<b>Total Revenues and Gains</b>	<b>30,181</b>	<b>30,329</b>
Expenses:		
Program Services:		
Member Chapter Events	2,103	1,969
Member Committees	579	587
Other Member Activities	829	751
Communication Services	2,021	1,900
Government Relations	1,106	1,099
Scholarship, Financial Literacy and Other Programs	603	605
Peer Review	1,141	1,064
Professional Education Programs	10,250	9,940
Supporting Services:		
Management and General	5,825	5,657
Membership Development	339	284
Total Expenses	24,796	23,856
<b>Change in Unrestricted Net Assets</b>	<b>5,385</b>	<b>6,473</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Scholarship Fundraising Events—Revenue	579	546
Scholarship Fundraising Events—Expenses	(350)	(337)
Scholarship Fundraising Events—Net	229	209
Scholarship Contributions	61	76
Financial Literacy and Other Program Contributions	352	136
Investment Income, Net	176	284
Restrictions Satisfied By:		
Payment of Scholarships	(316)	(313)
Payment of Administrative and Program Costs	(237)	(50)
<b>Change in Temporarily Restricted Net Assets</b>	<b>265</b>	<b>342</b>
<b>Change in Net Assets</b>	<b>5,650</b>	<b>6,815</b>
Net Assets, Beginning of Year	23,239	16,424
<b>Net Assets, End of Year</b>	<b>\$ 28,889</b>	<b>\$ 23,239</b>

See accompanying notes to the combined financial statements.



## COMBINED STATEMENTS OF CASH FLOWS

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

Years Ended April 30, 2011 and 2010

(Amounts Expressed In Thousands)

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets		
Reconciliation of Change in Net Assets to Cash Provided by Operating Activities:		
Net Realized and Unrealized		
Gain on Investments	(2,476)	(3,716)
Depreciation and Amortization	456	338
Loss on Disposal of Property and Equipment	6	—
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	27	40
Other Receivables	(111)	146
Receivables – Affiliates	(17)	35
Prepaid Expenses and Other	(11)	(581)
Accounts Payable	249	(37)
Accrued Expenses	(46)	198
Deferred Revenues	(634)	739
Deferred Lease Costs	137	(155)
Net Cash Provided by Operating Activities	3,230	3,822
<b>INVESTING ACTIVITIES</b>		
Purchases of Investments	(15,137)	(27,151)
Proceeds from Sales of Investments	12,475	22,957
Purchases of Property and Equipment	(721)	(313)
Net Cash Provided by (Used in) Investing Activities	(3,383)	(4,507)
<b>NET DECREASE IN CASH AND EQUIVALENTS</b>	(153)	(685)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	11,552	12,237
<b>END OF YEAR</b>	<b>\$ 11,399</b>	<b>\$ 11,552</b>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Non Cash Investing and Financial Activities		
Leasehold Improvements Paid for by Lessor		
Property and Equipment	\$ 1,816	\$ —
Deferred Lease Costs	\$ (1,816)	\$ —

See accompanying notes to the combined financial statements.

# notes to the Combined Financial Statements

Years Ended April 30, 2011 and 2010

(Amounts Expressed In Thousands)

## 1. ORGANIZATION

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 and administers the Peer Review Program on behalf of the American Institute of Certified Public Accountants in California, Arizona and Alaska. The 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. The Society is governed by the CalCPA Council (Council) which is elected by the membership of the Society. The Foundation is governed by a Board of Trustees. Revenues for the Society and Foundation are derived primarily from certified public accountants in California. The Society and the Foundation share administrative functions. Such costs are allocated between the entities based on their estimated share. The California CPA Institute (CalCPA Institute), a nonprofit organization under Internal Revenue Code Section 501(c)(3), was formed in October 2004 to administer scholarship activities, financial literacy and other programs. The activities of the CalCPA Institute are consolidated with the activities of the Society.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**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 by the Council, the accompanying financial statements reflect the combined statements of the Society and the Foundation.

**PRINCIPLES OF CONSOLIDATION**—CalCPA Institute is reflected in the financial statements of the Society.

**BASIS OF PRESENTATION**—The combined financial statements of the Society and Foundation have been prepared on the accrual basis. The Society and the Foundation report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

**Unrestricted net assets**—Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets**—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Society or the Foundation and/or the passage of time.

**Permanently restricted net assets**—Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by the donors.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

**CASH AND EQUIVALENTS**—Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

**CONCENTRATION OF CREDIT RISK**—Financial instruments that potentially subject the Society and Foundation to concentrations of credit risk consist of cash deposits in interest bearing accounts. At April 30, 2011 and 2010,

there were combined cash balances on deposit of \$5,397 and \$10,311, respectively in excess of Federal Deposit Insurance Corporation coverage limits. Management believes the organizations are not exposed to any significant credit risk related to cash and equivalents.

**ACCOUNTS RECEIVABLE**—Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts. Management of the Society and the Foundation use the allowance method to account for uncollectible accounts receivable balances. The allowance is established based on factors such as historical experience, credit quality and the age of the account balances in determining the appropriate allowance. As of April 30, 2011 and 2010, the total combined allowance for doubtful accounts was \$6 and \$17, respectively.

**INVESTMENTS**—Investments are stated at fair value. Unrealized and realized gains and losses are included in investment income reported on the combined statements of activities. Investment income is reported net of related investment expenses.

Alternative investments consist of those investments which are not valued based upon a quoted market price and include non-marketable hedge fund assets and are included in Other Investments. Hedge funds invest in various partnership interests, managed accounts, and other vehicles to generate investment return. These hedge funds are reported at estimated fair value as measured by their net asset value as reported by fund managers. That amount represents the Society's proportionate interest in the capital of the invested funds.

**INVESTMENT RISKS**—Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the accompanying combined financial statements.

**PROPERTY AND EQUIPMENT**—Acquisitions of property and equipment of \$1 or more are capitalized. Property and equipment are stated at cost and depreciation or amortization is computed when assets are placed in service using the straight-line method over estimated useful lives of 3 to 10 years. Leasehold improvements are amortized over the lease term.

**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.

**COMPENSATED ABSENCES**—Accumulated paid time off is accrued when incurred.

**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. Advertising revenues are recognized when the services are rendered. Revenues collected in advance are deferred until earned.

**ADVERTISING COSTS**—Advertising costs consist primarily of radio advertisements, catalogs and brochures for educational seminars and other events. Advertising costs are charged to expense in the period the events occur. For the years ended April 30, 2011 and 2010, total advertising costs charged to expense were \$699 and \$808, respectively.

# notes to the Combined Financial Statements

Years Ended April 30, 2011 and 2010 (Amounts Expressed In Thousands)

**CONTRIBUTED 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 contributed time is not reflected in the combined 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 CalCPA 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.

The Financial Accounting Standards Board (FASB) FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) which was subsequently included in the FASB Codification as ASC 740, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Society and Foundation has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The organizations' tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

**FUNCTIONAL EXPENSES**—The costs of providing the program services and supporting services have been summarized on a functional basis in the combined statements of activities and functional expenses. Accordingly, certain costs are for services shared between the Society and Foundation.

**USE OF ESTIMATES**—In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

**RECLASSIFICATIONS**—Certain amounts relating to the prior year have been reclassified to conform to the current year's presentation. See Note 15.

## 3. RELATED PARTY

Group Insurance Trust of the California Society of Certified Public Accountants  
Group Insurance Trust of the California Society of Certified Public Accountants ("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. The Society receives an affiliation fee from GIT which is based on GIT's total annual written premiums.

Receivables from GIT to the Society at April 30, 2011 and 2010, are \$51 and \$59, respectively, and are included in receivable—affiliates on the combined statements of financial position. The Society earned an affiliation fee for the years ended April 30, 2011 and 2010, of \$313 and \$260, respectively, from GIT which is included in the combined statements of activities. For the years ended April 30, 2011 and 2010, the Society charged GIT for an estimated share of facility costs, certain administrative costs and other direct expenses of \$315 and \$558, respectively, and is included in the combined statements of activities.

## 4. ASSOCIATED ENTITY

### CAMICO Mutual Insurance Company

CAMICO Mutual Insurance Company (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 combined

financial statements do not reflect consolidation of CAMICO accounts. The Society receives an affiliation fee from CAMICO which is based on CAMICO's total annual written premiums. CAMICO shares certain administrative and facility functions and costs with the Society and the Foundation.

At April 30, 2011 and 2010, a receivable (payable) of \$19 and \$(5), respectively, are included in the Society's receivable—affiliates on the combined statements of financial position. For the years ended April 30, 2011 and 2010, affiliation fees earned by the Society were \$246 and \$253, respectively, and are included in the combined statements of activities.

For the years ended April 30, 2011 and 2010, total costs charged to the Society by CAMICO were \$130 and \$293, respectively, and are included in the combined statements of activities. In addition, during the year ended April 30, 2011, the Society paid certain costs on behalf of CAMICO totaling \$180 for costs associated with the relocation of headquarters, none were paid in 2010. Total costs allocated to the Foundation by CAMICO were \$74 and \$44 for the years ended April 30, 2011 and 2010, respectively, and are included in the combined statements of activities.

## 5. INVESTMENTS AND INVESTMENT INCOME (LOSS)

Investments are comprised of the following at April 30:

	<b>Society</b>	<b>Foundation</b>	<b>Total</b>
<b>2011</b>			
Mutual Funds	\$ 18,007	\$ 4,391	\$ 22,398
Common Stocks	—	2,050	2,050
Corporate Bonds	1,110	632	1,742
Government Bonds	—	377	377
Other Investments	247	—	247
International Bonds	—	21	21
<b>Total</b>	<b>\$ 19,364</b>	<b>\$ 7,471</b>	<b>\$ 26,835</b>
<b>2010</b>			
Mutual Funds	\$ 14,927	\$ 3,497	\$ 18,424
Common Stocks	—	1,886	1,886
Corporate Bonds	370	553	923
Government Bonds	—	422	422
Other Investments	—	—	—
International Bonds	—	42	42
<b>Total</b>	<b>\$ 15,297</b>	<b>\$ 6,400</b>	<b>\$ 21,697</b>

# notes to the Combined Financial Statements

Years Ended April 30, 2011 and 2010 (Amounts Expressed In Thousands)

Investment income is comprised of the following for the years ended April 30:

2011	Society	Foundation	Total
Unrestricted:			
Interest and Dividends	\$ 585	\$ 219	\$ 804
Net Realized Gain (Loss)	833	174	1,007
Net Unrealized Gain	593	740	1,333
	2,011	1,133	3,144
Investment Expense	(50)	(57)	(107)
Total Unrestricted	1,961	1,076	3,037
Temporarily Restricted:			
Interest and Dividends	43	1	44
Net Realized Gain (Loss)	96	—	96
Net Unrealized Gain	40	—	40
	179	1	180
Investment Expense	(4)	—	(4)
Total Temporarily Restricted	175	1	176
Total Investment Income	\$ 2,136	\$ 1,077	\$ 3,213

## 2010

Unrestricted:			
Interest and Dividends	\$ 465	\$ 184	\$ 649
Net Realized Gain (Loss)	(494)	(1,245)	(1,739)
Net Unrealized Gain	2,634	2,570	5,204
	2,605	1,509	4,144
Investment Expense	(68)	(36)	(104)
Total Unrestricted	2,537	1,473	4,010
Temporarily Restricted:			
Interest and Dividends	40	1	41
Net Realized Gain (Loss)	(209)	—	(209)
Net Unrealized Gain	460	—	460
	291	1	292
Investment Expense	(8)	—	(8)
Total Temporarily Restricted	283	1	284
Total Investment Income	\$ 2,820	\$ 1,474	\$ 4,294

## 6. FAIR VALUE MEASUREMENTS

The Society and the Foundation measure fair value in accordance with Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, (FAS 157) which was subsequently included in the FASB Codification as ASC 820. ASC 820 which applies to all financial instruments that are being measured and reported on a fair value basis.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**Level 1**—Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**Level 2**—Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

**Level 3**—Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate

certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Society and Foundation use appropriate valuation techniques based on the available inputs to measure the fair value of their investments. When available, the Society and Foundation measure fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended April 30, 2011.

Common Stocks, Mutual Funds, Corporate Bonds, International Bonds, and Government Bonds are measured at quoted market prices for identical assets (Level 1).

Other Investment is measured at the value of the shares based on a net asset valuation provided by the underlying private investment company (Level 3).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Society and Foundation believe the 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

The table below presents the balances of assets measured at fair value on a recurring basis at April 30:

	Total	Level 1	Level 2	Level 3
<b>2011</b>				
Mutual Funds:				
Fixed Income Funds	\$ 9,581	\$ 9,581	\$ —	\$ —
U.S. Large Cap Funds	3,888	3,888	—	—
International Securities Funds	3,872	3,872	—	—
Multistrategy Funds	2,362	2,362	—	—
U.S. Small-Mid Cap Funds	1,389	1,389	—	—
Real Estate Securities Funds	1,306	1,306	—	—
Common Stocks	2,050	2,050	—	—
Corporate Bonds	1,742	1,742	—	—
Government Bonds	377	377	—	—
Other Investment	247	—	—	247
International Bonds	21	21	—	—
	\$ 26,835	\$ 26,588	\$ —	\$ 247

## 2010

Mutual Funds:				
Fixed Income Funds	\$ 8,941	\$ 8,941	\$ —	\$ —
U.S. Large Cap Funds	3,628	3,628	—	—
International Securities Funds	2,749	2,749	—	—
Multistrategy Funds	1,133	1,133	—	—
Real Estate Securities Funds	1,097	1,097	—	—
U.S. Small-Mid Cap Funds	876	876	—	—
Common Stocks	1,886	1,886	—	—
Corporate Bonds	923	923	—	—
Government Bonds	422	422	—	—
International Bonds	42	42	—	—
	\$ 21,697	\$ 21,697	\$ —	\$ —

# notes to the Combined Financial Statements

Years Ended April 30, 2011 and 2010 (Amounts Expressed In Thousands)

The other investment held by the Society does not have a readily determinable fair value. This investment is a “fund of funds” alternative investment fund. This fund is a private investment company including hedge funds and the funds of other experienced portfolio managers employing a variety of trading styles or strategies. The investment in a private investment company is valued by the Society primarily utilizing the net asset valuation provided by the underlying private investment companies or their administrators, with consideration of subscription and redemption rights, including restrictions on disposition, in the determination of fair value. The Society uses information received from the investment advisor and custodian in its evaluation of the fair value of this asset. Because the inputs used in valuing the underlying assets are unobservable, the Society’s other investment was classified as utilizing Level 3 inputs at April 30, 2011. The Society’s and Foundation’s Investment Committees meet quarterly to review investment performance and compliance with their respective approved investment policy.

The following is a reconciliation of the Society’s investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended April 30, 2011:

	Balance as of May 1, 2010	Unrealized Gains (Losses)	Purchases	Balance as of April 30, 2011
Other Investment	\$ —	\$ —	\$ 247	\$ 247
	\$ —	\$ —	\$ 247	\$ 247

## 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at April 30:

	Society	Foundation	Total
<b>2011</b>			
Equipment	\$ 1,047	\$ 303	\$ 1,350
Software	479	740	1,219
Furniture	411	177	588
Leasehold Improvements	1,972	—	1,972
Construction in Progress	—	—	—
	3,909	1,220	5,129
Accumulated Depreciation	(1,255)	(855)	(2,110)
Property and Equipment, Net	\$ 2,654	\$ 365	\$ 3,019
<b>2010</b>			
Equipment	\$ 1,057	\$ 651	\$ 1,708
Software	1,008	685	1,693
Furniture	262	61	323
Leasehold Improvements	695	14	709
Construction in Progress	116	—	116
	3,138	1,411	4,549
Accumulated Depreciation	(2,818)	(1,217)	(4,035)
Property and Equipment, Net	\$ 320	\$ 194	\$ 514

## 8. DEFERRED REVENUES

Deferred revenues consist of the following at April 30:

	Society	Foundation	Total
<b>2011</b>			
Dues	\$ 6,139	\$ —	\$ 6,139
Professional Education Programs	—	2,819	2,819
Peer Review Fees	618	—	618
Advertising	201	—	201
Total	\$ 6,958	\$ 2,819	\$ 9,777
<b>2010</b>			
Dues	\$ 6,702	\$ —	\$ 6,702
Professional Education Programs	—	2,867	2,867
Peer Review Fees	646	—	646
Advertising	196	—	196
Total	\$ 7,544	\$ 2,867	\$ 10,411

## 9. RETIREMENT PLANS

### 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 totaled \$454 and \$432 for the years ended April 30, 2011 and 2010, respectively. Employer contributions vest over a five year period 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 contributions are made by employees.

## 10. LINE OF CREDIT

The Society and Foundation each maintain revolving credit agreements for borrowings up to \$2,000. Under the agreements, interest is payable monthly on outstanding balances at the reference rate announced by the bank and may be secured by the personal property of the Society and Foundation. The line of credit agreements mature on November 2, 2011, and there have been no borrowings to date.

# notes to the Combined Financial Statements

Years Ended April 30, 2011 and 2010 (Amounts Expressed In Thousands)

## 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at April 30:

<b>2011</b>	<b>Society</b>	<b>Foundation</b>	<b>Total</b>
Scholarships	\$ 1,579	\$ —	\$ 1,579
Financial Literacy and Other Programs	427	—	427
Forbes Medal Award	—	33	33
<b>Total</b>	<b>\$ 2,006</b>	<b>\$ 33</b>	<b>\$ 2,039</b>

<b>2010</b>	<b>Society</b>	<b>Foundation</b>	<b>Total</b>
Scholarships	\$ 1,481	\$ —	\$ 1,481
Financial Literacy and Other Programs	261	—	261
Forbes Medal Award	—	32	32
<b>Total</b>	<b>\$ 1,742</b>	<b>\$ 32</b>	<b>\$ 1,774</b>

## 12. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the original endowment for the John F. Forbes Medal Award. The earnings from the endowment are temporarily restricted and should be used to fund the Forbes Medal Award. The Forbes Medal is an award bestowed on the individual receiving the highest grade on the California Uniform Certified Public Accountant Examination.

## 13. BOARD DESIGNATED NET ASSETS

As of April 30, 2011 and 2010, the Board of Directors has designated \$6,500 and \$4,500, respectively of the Society's unrestricted net assets for a building fund.

## 14. OPERATING LEASE COMMITMENTS

In December 2010, the Society relocated its headquarters to a building in San Mateo, California. The non-cancelable lease agreement expires in December 2020 and the future minimum lease payments are included in the schedule below. The previous lease was terminated in December 2010.

In connection with the San Mateo lease agreement, the Society has the option to purchase the building and land at 1800 Gateway, San Mateo, California, subject to certain terms and conditions, at a purchase price equal to the greater of \$27,275 or the fair market value. The option can be exercised no earlier than thirty-three full calendar months subsequent to the lease commencement date and no later than forty-four months from the lease commencement date.

The Foundation and GIT sublease a portion of the office space in San Mateo for their corporate headquarters under non-cancelable sublease agreements with the Society also expiring in December 2020.

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

At April 30, 2011, future minimum lease payments under these agreements were as follows:

2012	\$ 880
2013	1,023
2014	853
2015	865
2016	664
Thereafter	4,520
	8,805
Sublease Revenues	\$ (647)
<b>Total</b>	<b>\$ 8,158</b>

Rent expense is recorded net of sublease revenues received from GIT. Rent expense for the years ended April 30 is as follows:

	<b>Society</b>	<b>Foundation</b>	<b>Total</b>
<b>2011</b>			
Rent Expense	\$ 778	\$ 413	\$ 1,191
Sublease Revenues	(67)	—	(67)
<b>Total</b>	<b>\$ 711</b>	<b>\$ 413</b>	<b>\$ 1,124</b>
<b>2010</b>			
Rent Expense	\$ 775	\$ 394	\$ 1,169
Sublease Revenues	(102)	—	(102)
<b>Total</b>	<b>\$ 673</b>	<b>\$ 394</b>	<b>\$ 1,067</b>

## 15. RECLASSIFICATIONS

The management of the Society and Foundation have made certain reclassifications to the combined statement of activities and the combined statement of functional expenses as previously reported for the year ended April 30, 2010 in order to provide more useful information about the Society and Foundation's activities by both functional and natural expense classification. The following is a summary of the changes in presentation:

The fundraising events held by CalCPA Chapters for the benefit of the Institute were previously reported as program expense in the combined statement of functional expenses. The costs of these events have been included in the combined statement of activities as a deduction to the gross revenues from these events.

The combined statement of functional expense previously included a natural expense classification titled "Allocated General". The expenses previously presented in this classification have been reclassified to their actual natural expense classification.

In addition, supporting services were previously included in a supporting function titled "Governance". The costs relate to Board and Council meetings and are now included in the supporting function of Management and General. Membership Development costs which were previously included in Management and General and Communications are now separately stated under Supporting Services.

The Peer Review program is also separately stated as a program in the combined statement of functional expenses. Previously it has been included in Other Activities on the combined statement of functional expenses.

## 16. SUBSEQUENT EVENTS

The management of the Society and Foundation have reviewed the results of operations and evaluated subsequent events for the period of time from its year end April 30, 2011 through June 8, 2011, the date the combined financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

## COMBINING STATEMENTS OF FINANCIAL POSITION

California Society of Certified Public Accountants  
 California Certified Public Accountants Education Foundation  
 April 30, 2011 and 2010  
 (Amounts Expressed In Thousands)

	2011				2010			
	Society	Foundation	Eliminations	Combined Total	Society	Foundation	Eliminations	Combined Total
<b>ASSETS:</b>								
Current Assets:								
Cash and Equivalents	\$ 6,244	\$ 5,155	\$ —	\$ 11,399	\$ 7,617	\$ 3,935	\$ —	\$ 11,552
Accounts Receivable, Net	130	28	—	158	152	33	—	185
Other Receivables	178	14	—	192	59	22	—	81
Receivable – Affiliates	71	—	—	71	54	—	—	54
Due From Foundation	331	—	(331)	—	109	—	(109)	—
Prepaid Expenses and Other	505	290	—	795	923	291	—	1,214
<b>Total Current Assets</b>	<b>7,459</b>	<b>5,487</b>	<b>(331)</b>	<b>12,615</b>	<b>8,914</b>	<b>4,281</b>	<b>(109)</b>	<b>13,086</b>
Investments	19,364	7,421	—	26,785	15,297	6,350	—	21,647
Investments – Endowment	—	50	—	50	—	50	—	50
Property and Equipment, Net	2,654	365	—	3,019	320	194	—	514
Trust Assets – Deferred Compensation	716	—	—	716	550	—	—	550
<b>TOTAL ASSETS</b>	<b>\$ 30,193</b>	<b>\$ 13,323</b>	<b>\$ (331)</b>	<b>\$ 43,185</b>	<b>\$ 25,081</b>	<b>\$ 10,875</b>	<b>\$ (109)</b>	<b>\$ 35,847</b>
<b>LIABILITIES AND NET ASSETS:</b>								
Current Liabilities:								
Accounts Payable	\$ 426	\$ 151	\$ —	\$ 577	\$ 152	\$ 176	\$ —	\$ 328
Accrued Expenses	871	317	—	1,188	805	429	—	1,234
Due to Society	—	331	(331)	—	—	109	(109)	—
Deferred Revenues	6,958	2,819	—	9,777	7,544	2,867	—	10,411
Deferred Lease Costs, Current	194	—	—	194	74	11	—	85
<b>Total Current Liabilities</b>	<b>8,449</b>	<b>3,618</b>	<b>(331)</b>	<b>11,736</b>	<b>8,575</b>	<b>3,592</b>	<b>(109)</b>	<b>12,058</b>
Deferred Lease Costs, Less Current	1,734	110	—	1,844	—	—	—	—
Deferred Compensation	716	—	—	716	550	—	—	550
<b>TOTAL LIABILITIES</b>	<b>10,899</b>	<b>3,728</b>	<b>(331)</b>	<b>14,296</b>	<b>9,125</b>	<b>3,592</b>	<b>(109)</b>	<b>12,608</b>
Net Assets:								
Unrestricted	17,288	9,512	—	26,800	14,214	7,201	—	21,415
Temporarily Restricted	2,006	33	—	2,039	1,742	32	—	1,774
Permanently Restricted	—	50	—	50	—	50	—	50
<b>Total Net Assets</b>	<b>19,294</b>	<b>9,595</b>	<b>—</b>	<b>28,889</b>	<b>15,956</b>	<b>7,283</b>	<b>—</b>	<b>23,239</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 30,193</b>	<b>\$ 13,323</b>	<b>\$ (331)</b>	<b>\$ 43,185</b>	<b>\$ 25,081</b>	<b>\$ 10,875</b>	<b>\$ (109)</b>	<b>\$ 35,847</b>

See independent auditor's report.

## COMBINING STATEMENTS OF ACTIVITIES

California Society of Certified Public Accountants  
 California Certified Public Accountants Education Foundation  
 Years Ended April 30, 2011 and 2010  
 (Amounts Expressed In Thousands)

	2011				2010			
	Society	Foundation	Eliminations	Combined Total	Society	Foundation	Eliminations	Combined Total
<b>UNRESTRICTED NET ASSETS</b>								
Unrestricted Revenues and Gains:								
Dues	\$ 9,915	\$ —	\$ —	\$ 9,915	\$ 9,762	\$ —	\$ —	\$ 9,762
Professional Education Programs	—	13,527	(10)	13,517	—	12,975	—	12,975
Peer Review Fees	1,147	—	—	1,147	1,110	—	—	1,110
Member Meetings and Events	509	—	—	509	491	—	—	491
Advertising	729	—	(40)	689	730	—	(29)	701
Affiliation Fees	728	—	(169)	559	678	—	(165)	513
Royalties and Affinity Programs	94	71	—	165	88	88	—	176
Investment Income, Net	1,961	1,076	—	3,037	2,537	1,473	—	4,010
Other Income	120	—	(30)	90	273	—	(45)	228
Total Unrestricted Revenues and Gains	15,203	14,674	(249)	29,628	15,669	14,536	(239)	29,966
Net Assets Released from Restrictions	553	—	—	553	359	4	—	363
<b>Total Revenues and Gains</b>	<b>15,756</b>	<b>14,674</b>	<b>(249)</b>	<b>30,181</b>	<b>16,028</b>	<b>14,540</b>	<b>(239)</b>	<b>30,329</b>
Expenses:								
Program Services								
Member Chapter Events	2,103	—	—	2,103	1,969	—	—	1,969
Member Committees	579	—	—	579	587	—	—	587
Other Member Activities	829	—	—	829	751	—	—	751
Communication Services	2,031	—	(10)	2,021	1,900	—	—	1,900
Government Relations	1,106	—	—	1,106	1,099	—	—	1,099
Scholarship, Financial Literacy and Other Programs	553	50	—	603	521	84	—	605
Peer Review	1,141	—	—	1,141	1,064	—	—	1,064
Professional Education Programs	—	10,290	(40)	10,250	—	9,984	(44)	9,940
Supporting Services:								
Management and General	4,001	2,023	(199)	5,825	3,821	2,031	(195)	5,657
Membership Development	339	—	—	339	284	—	—	284
Total Expenses	12,682	12,363	(249)	24,796	11,996	12,099	(239)	23,856
<b>Change in Unrestricted Net Assets</b>	<b>3,074</b>	<b>2,311</b>	<b>—</b>	<b>5,385</b>	<b>4,032</b>	<b>2,441</b>	<b>—</b>	<b>6,473</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>								
Scholarship Fundraising Events—Revenue	579	—	—	579	546	—	—	546
Scholarship Fundraising Events—Expenses	(350)	—	—	(350)	(337)	—	—	(337)
Scholarship Fundraising Events, Net	229	—	—	229	209	—	—	209
Scholarship Contributions	61	—	—	61	76	—	—	76
Financial Literacy and Other Program Contributions	352	—	—	352	136	—	—	136
Investment Income, Net	175	1	—	176	283	1	—	284
Restrictions Satisfied By:								
Payment of Scholarships	(316)	—	—	(316)	(309)	(4)	—	(313)
Payment of Administrative and Program Costs	(237)	—	—	(237)	(50)	—	—	(50)
<b>Change in Temporarily Restricted Net Assets</b>	<b>264</b>	<b>1</b>	<b>—</b>	<b>265</b>	<b>345</b>	<b>(3)</b>	<b>—</b>	<b>342</b>
<b>Change in Net Assets</b>	<b>3,338</b>	<b>2,312</b>	<b>—</b>	<b>5,650</b>	<b>4,377</b>	<b>2,438</b>	<b>—</b>	<b>6,815</b>
Net Assets, Beginning of Year	15,956	7,283	—	23,239	11,579	4,845	—	16,424
<b>Net Assets, End of Year</b>	<b>\$ 19,294</b>	<b>\$ 9,595</b>	<b>\$ —</b>	<b>\$ 28,889</b>	<b>\$ 15,956</b>	<b>\$ 7,283</b>	<b>\$ —</b>	<b>\$ 23,239</b>

See independent auditor's report.

## COMBINING STATEMENTS OF FUNCTIONAL EXPENSES

California Society of Certified Public Accountants  
 California Certified Public Accountants Education Foundation  
 Years Ended April 30, 2011 and 2010  
 (Amounts Expressed In Thousands)

	CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS											CALIFORNIA CERTIFIED PUBLIC ACCOUNTANTS EDUCATION FOUNDATION			
	PROGRAM SERVICES						SUPPORTING SERVICES					PROGRAM SERVICES		SUPPORTING SERVICES	
	Member Events			Member Services			Scholarship, Financial Literacy and Other Programs		Other Programs			Other Programs		Scholarship	
	Chapters	Committees	Other Activities	Communications	Government Relations		Peer Review	Management and General	Membership Development	Professional Education	Management and General	Scholarship	Eliminations	Combined Total	
<b>2011</b>															
Personnel	\$ 1,085	\$ 319	\$ 601	\$ 849	\$ 717	\$ 56	\$ 725	\$ 2,347	\$ 124	\$ 2,207	\$ 1,297	\$ —	\$ —	\$ 10,327	
Courses and Conferences	—	—	—	—	—	—	—	—	—	6,740	—	—	—	6,740	
Supplies and Office	65	4	108	202	250	58	95	916	120	449	415	—	—	2,682	
Meetings and Events	752	191	15	3	6	105	38	283	6	17	51	—	—	1,467	
Occupancy	132	39	70	116	93	—	113	310	15	372	46	—	—	1,306	
Printing and Publications	14	10	6	338	1	17	154	16	68	—	—	—	—	624	
Public Relations	—	—	—	474	—	1	—	—	—	—	—	—	(10)	465	
Depreciation and Amortization	55	16	29	49	39	—	16	114	6	117	15	—	—	456	
Scholarship Distributions	—	—	—	—	—	316	—	—	—	—	—	50	—	366	
Brochures	—	—	—	—	—	—	—	—	—	388	—	—	(40)	348	
Affiliation Fee	—	—	—	—	—	—	—	—	—	—	—	—	(169)	—	
Other Expenses	—	—	—	—	—	—	—	15	—	—	30	—	(30)	15	
<b>TOTAL</b>	\$ 2,103	\$ 579	\$ 829	\$ 2,031	\$ 1,106	\$ 553	\$ 1,141	\$ 4,001	\$ 339	\$ 10,290	\$ 2,023	\$ 50	\$ (249)	\$ 24,796	
<b>2010</b>															
Personnel	\$ 1,021	\$ 307	\$ 384	\$ 756	\$ 694	\$ 93	\$ 691	\$ 2,287	\$ 106	\$ 1,882	\$ 1,482	\$ —	\$ —	\$ 9,703	
Courses and Conferences	—	—	—	—	—	—	—	—	—	6,848	—	—	—	6,848	
Supplies and Office	45	4	201	153	263	55	66	726	100	399	222	—	—	2,234	
Meetings and Events	714	202	112	1	8	45	37	338	2	13	72	—	—	1,544	
Occupancy	142	43	14	120	104	—	125	347	14	347	47	—	—	1,303	
Printing and Publications	11	20	17	388	3	19	133	14	58	—	—	—	—	663	
Public Relations	—	—	—	451	—	—	—	—	—	—	—	—	—	451	
Scholarship Distributions	—	—	—	—	—	309	—	—	—	—	—	84	—	393	
Brochures	—	—	—	—	—	—	—	—	—	401	—	—	(44)	357	
Depreciation and Amortization	36	11	23	31	27	—	12	88	4	93	13	—	—	338	
Affiliation Fee	—	—	—	—	—	—	—	—	—	—	165	—	(165)	—	
Other Expenses	—	—	—	—	—	—	—	21	—	1	30	—	(30)	22	
<b>TOTAL</b>	\$ 1,969	\$ 587	\$ 751	\$ 1,900	\$ 1,099	\$ 521	\$ 1,064	\$ 3,821	\$ 284	\$ 9,984	\$ 2,031	\$ 84	\$ (239)	\$ 23,856	

See independent auditor's report.

## COMBINING STATEMENTS OF CASH FLOWS

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

April 30, 2011 and 2010

(Amounts Expressed In Thousands)

	2011				2010			
	Society	Foundation	Eliminations	Combined Total	Society	Foundation	Eliminations	Combined Total
<b>OPERATING ACTIVITIES:</b>								
Change in Net Assets	\$ 3,338	\$ 2,312	\$ —	\$ 5,650	\$ 4,377	\$ 2,438	\$ —	\$ 6,815
Reconciliation of Change in Net Assets to Cash Provided by Operating Activities:								
Net Realized and Unrealized Gain on Investments	(1,562)	(914)	—	(2,476)	(2,391)	(1,325)	—	(3,716)
Depreciation and Amortization	324	132	—	456	232	106	—	338
Loss on Disposal of Property and Equipment	2	4	—	6	—	—	—	—
Changes in Operating Assets and Liabilities:								
Accounts Receivable, Net	22	5	—	27	34	6	—	40
Other Receivables	(119)	8	—	(111)	168	(22)	—	146
Receivables – Affiliates	(17)	—	—	(17)	35	—	—	35
Due From Foundation	(222)	—	222	—	325	—	(325)	—
Prepaid Expenses and Other	(12)	1	—	(11)	(569)	(12)	—	(581)
Accounts Payable	274	(25)	—	249	(12)	(25)	—	(37)
Accrued Expenses	66	(112)	—	(46)	26	172	—	198
Due to Society	—	222	(222)	—	—	(325)	325	—
Deferred Revenues	(586)	(48)	—	(634)	377	362	—	739
Deferred Lease Costs	38	99	—	137	(113)	(42)	—	(155)
<b>Net Cash Provided by Operating Activities</b>	<b>1,546</b>	<b>1,684</b>	<b>—</b>	<b>3,230</b>	<b>2,489</b>	<b>1,333</b>	<b>—</b>	<b>3,822</b>
<b>INVESTING ACTIVITIES</b>								
Purchases of Investments	(12,811)	(2,326)	—	(15,137)	(19,786)	(7,365)	—	(27,151)
Proceeds on Sales of Investments	10,306	2,169	—	12,475	16,016	6,941	—	22,957
Purchases of Property and Equipment	(414)	(307)	—	(721)	(215)	(98)	—	(313)
<b>Net Cash Used in Investing Activities</b>	<b>(2,919)</b>	<b>(464)</b>	<b>—</b>	<b>(3,383)</b>	<b>(3,985)</b>	<b>(522)</b>	<b>—</b>	<b>(4,507)</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(1,373)</b>	<b>1,220</b>	<b>—</b>	<b>(153)</b>	<b>(1,496)</b>	<b>811</b>	<b>—</b>	<b>(685)</b>
<b>CASH AND EQUIVALENTS</b>								
Beginning of Year	7,617	3,935	—	11,552	9,113	3,124	—	12,237
<b>END OF YEAR</b>	<b>\$ 6,244</b>	<b>\$ 5,155</b>	<b>\$ —</b>	<b>\$ 11,399</b>	<b>\$ 7,617</b>	<b>\$ 3,935</b>	<b>\$ —</b>	<b>\$ 11,552</b>
<b>SUPPLEMENTAL DISCLOSURE</b>								
Non Cash Investing and Financing Activities								
Leasehold Improvements Paid for by Lessor								
Property and Equipment	\$ 1,816	\$ —	\$ —	\$ 1,816	\$ —	\$ —	\$ —	\$ —
Deferred Lease Costs	\$ (1,816)	\$ —	\$ —	\$ (1,816)	\$ —	\$ —	\$ —	\$ —

See independent auditor's report.