

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

BROOKFIELD, WISCONSIN

April 30, 2009 and 2008

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

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Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

125 South 84th Street, Ste. 100
Milwaukee, WI 53214-1498
ph 414.456.1099
fax 414.456.1098
www.kebcpa.com

Independent Auditors' Report

Board of Directors
The Wisconsin Institute of Certified Public
Accountants' Educational Foundation, Inc.
Brookfield, Wisconsin

We have audited the accompanying statements of financial position of The Wisconsin Institute of Certified Public Accountants' Educational Foundation, Inc. (a Wisconsin not for profit corporation) as of April 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Educational Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial position of The Wisconsin Institute of Certified Public Accountants' Educational Foundation, Inc. as of April 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Kerber, Eck & Braeckel LLP

Milwaukee, Wisconsin
June 16, 2009

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Jacksonville, IL • Cape Girardeau, MO • St. Louis, MO

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

April 30,

ASSETS

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 161,562	\$ 63,388
Investments	1,195,818	1,754,742
Contribution receivable	12,275	5,000
Total assets	\$ 1,369,655	\$ 1,823,130

LIABILITIES AND NET ASSETS

LIABILITIES

Pledge and accounts payable	\$ 35,197	\$ 173
Scholarship grants payable	45,000	47,500
Deferred revenue	-	6,035
Total liabilities	80,197	53,708

NET ASSETS

Unrestricted	1,119,739	1,559,264
Temporarily restricted	110,859	151,298
Permanently restricted	58,860	58,860
Total net assets	1,289,458	1,769,422
Total liabilities and net assets	\$ 1,369,655	\$ 1,823,130

The accompanying notes are an integral part of these statements.

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

Years Ended April 30,

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT & REVENUE								
Contributions	\$ 39,283	\$ 10,000	\$ -	\$ 49,283	\$ 33,638	\$ 5,000	\$ -	\$ 38,638
Investment loss	(355,342)	(38,439)	-	(393,781)	(13,001)	(1,834)	-	(14,835)
Royalties and other	30,687	-	-	30,687	33,641	-	-	33,641
Net assets released from restrictions	12,000	(12,000)	-	-	12,000	(12,000)	-	-
Total public support and revenue	(273,372)	(40,439)	-	(313,811)	66,278	(8,834)	-	57,444
EXPENSES								
Program	159,422	-	-	159,422	127,607	-	-	127,607
General and administrative	6,731	-	-	6,731	3,609	-	-	3,609
Total expenses	166,153	-	-	166,153	131,216	-	-	131,216
CHANGE IN NET ASSETS	(439,525)	(40,439)	-	(479,964)	(64,938)	(8,834)	-	(73,772)
Net assets at beginning of year	1,559,264	151,298	58,860	1,769,422	1,624,202	160,132	58,860	1,843,194
Net assets at end of year	\$ 1,119,739	\$ 110,859	\$ 58,860	\$ 1,289,458	\$ 1,559,264	\$ 151,298	\$ 58,860	\$ 1,769,422

The accompanying notes are an integral part of these statements.

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended April 30,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (479,964)	\$ (73,772)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Realized and unrealized losses on investments, net	439,244	58,480
Changes in assets and liabilities		
Other assets	(7,275)	(5,000)
Accounts payable	35,024	(72)
Scholarship grants payable	(2,500)	-
Deferred revenue	(6,035)	6,035
Net cash used for operating activities	(21,506)	(14,329)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(672,459)	(1,472,790)
Proceeds from sales of investments	792,139	1,499,047
Net cash provided by investing activities	119,680	26,257
Net change in cash and cash equivalents	98,174	11,928
Cash and cash equivalents at beginning of year	63,388	51,460
Cash and cash equivalents at end of year	\$ 161,562	\$ 63,388

The accompanying notes are an integral part of these statements.

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies of The Wisconsin Institute of Certified Public Accountants' Educational Foundation, Inc. (Educational Foundation) consistently applied in the preparation of the accompanying financial statements follows.

1. Reporting Entity

The Educational Foundation, located in Brookfield, Wisconsin, grants scholarships to Wisconsin students majoring in accounting and provides funding to promote the certified public accounting profession.

2. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

The Educational Foundation considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents. Cash equivalents consist of general checking and money market accounts.

4. Investments

Investments in equity and debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change in net assets unless the income or loss is restricted by donor or law.

5. Classes of Net Assets

The Educational Foundation reports gifts of cash and other assets as follows:

Unrestricted - Represents unrestricted cash and other assets that are free of donor restrictions on their usage and are available for the support of the Educational Foundation's stated purposes. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions.

Temporarily restricted - Represents cash and other assets restricted by the donor, grantor, or other outside party for particular purposes, and for which expenditures are incurred in compliance with the specific restrictions. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted net assets consist of the Roger J. Buchholz Fund.

Permanently restricted - Represents cash or other assets that are subject to donor-imposed restrictions that stipulate that the donation be maintained permanently but permits the Educational Foundation to expend the income derived from the donated assets. Permanently restricted net assets consist of the Fund Drive Endowment Fund.

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2009 and 2008

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES -
CONTINUED

6. Income Taxes

The Educational Foundation is a not for profit organization under section 501(c)(3) of the Internal Revenue Code and applicable State law, and therefore, is exempt from income taxes on related income.

NOTE B - CONCENTRATION OF CREDIT RISK

The Educational Foundation holds its cash balances in a local financial institution. Certain such balances may at times exceed federally insured limits. The Educational Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances. The cash and cash equivalent balances exceeded the federally insured limits by approximately \$130,000 and \$50,000 at April 30, 2009 and 2008, respectively.

The Educational Foundation's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

NOTE C - FAIR VALUE MEASUREMENT

Effective May 1, 2008, the Educational Foundation adopted SFAS No. 157, *Fair Value Measurements*, for financial assets and financial liabilities. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements.

The definition of fair value is clarified by SFAS No. 157 to be 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. SFAS No. 157 established a three-level hierarchy for fair value measurements based upon the inputs to the valuation of an asset or liability.

- Level 1 - Valuation is based on quoted prices for identical assets and liabilities in active markets.
- Level 2 - Valuation is derived from inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 - Valuation is derived from unobservable inputs that are not corroborated by market data.

Assets that were accounted for at fair value on a recurring basis as of April 30, 2009 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 1,195,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,195,818</u>

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2009 and 2008

NOTE D - INVESTMENTS

Investments consist of the following at April 30:

	2009		2008	
	Market Value	Cost	Market Value	Cost
Equity securities	\$ 732,361	\$ 910,663	\$ 1,177,263	\$ 1,108,097
Debt securities	456,851	453,005	570,951	570,254
Accrued investment income	6,606	6,606	6,528	6,528
Total investments	<u>\$ 1,195,818</u>	<u>\$ 1,370,274</u>	<u>\$ 1,754,742</u>	<u>\$ 1,684,879</u>

Investment income and losses are comprised of the following:

	2009	2008
Interest and dividend income	\$ 54,645	\$ 52,572
Realized gains (losses)	(194,048)	238,347
Investment fees	(9,182)	(8,927)
Unrealized losses on investments, net	(245,196)	(296,827)
Total investment income (loss)	<u>\$ (393,781)</u>	<u>\$ (14,835)</u>

NOTE E - PLEDGE PAYABLE

At April 30, 2009, the Educational Foundation has pledged a contribution to the AICPA Foundation Doctoral Scholars Program in the amount of \$35,000. The contribution is payable in annual installments of \$7,000 beginning May, 2009 through May, 2013.

NOTE F - SCHOLARSHIP GRANTS PAYABLE

Activity for scholarship grants payable consisted of the following at April 30:

	2009	2008
Scholarship grants payable at beginning of year	\$ 47,500	\$ 47,500
Grants awarded	57,000	59,500
Payments made	(59,500)	(59,500)
Scholarship grants payable at end of year	<u>\$ 45,000</u>	<u>\$ 47,500</u>

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2009 and 2008

NOTE G - AFFILIATE

Certain royalties received by the Educational Foundation are contributed by the Wisconsin Institute of Certified Public Accountants, Inc. (WICPA). Royalties received by the Educational Foundation were \$30,687 and \$33,641 for the years ended April 30, 2009 and 2008, respectively. In addition, the WICPA provides various clerical and accounting services to the Educational Foundation for which no amounts are charged to the Educational Foundation. Included in these services are incidental fund raising activities. The cost of these fund raising activities has not been determined because management believes it is not material to the financial statements.

NOTE H - ENDOWMENT ASSETS

In August 2008, the Financial Accounting Standards Board issued Staff Position (FSP) No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. This FSP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The FSP also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds). As of April 30, 2009, the UPMIFA has not been enacted by the State of Wisconsin.

The Educational Foundation's endowment consists of investments established to fund operations. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Educational Foundation's Board of Directors has interpreted the Uniform Management of Institutional Funds Act (UMIFA) of 1976 as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The fair value of the gift would include any accumulated appreciation or income required by the gift to be retained as part of the permanent restriction. The Educational Foundation is allowed to spend both the income and the appreciation on donor-restricted endowments unless the terms of the gifts specified otherwise.

The Educational Foundation's endowment net assets at April 30, 2009 consist of \$58,860 donor restricted endowments. The endowments' activity for the year ended April 30, 2009 is reported in the permanently restricted classification of net assets in the statement of activities.

Return Objectives and Parameters

The Educational Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Educational Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment's objectives are to maintain and enhance the purchasing power of the assets, competitive returns and appropriate investment risk.

THE WISCONSIN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS'
EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2009 and 2008

NOTE H - ENDOWMENT ASSETS - CONTINUED

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Educational Foundation relies on a strategy that effectively controls risk while generating consistent excess returns over time. Those returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Educational Foundation targets an asset allocation ranging from 40% to 70% equities and 30% to 60% fixed income securities and cash equivalents to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Educational Foundation has a policy of appropriating for distribution the endowment's annual income to fund its programs. In establishing this policy, the Educational Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Educational Foundation expects the current spending policy to allow it to preserve the fair value of the original gift as of the gift date.

NOTE I - RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation. The reclassifications include a reclassification of assets to cash equivalents which were previously reported as investments. The reclassifications resulted in increases to the cash and cash equivalents at beginning of year and at end of year as reported on the 2008 statement of cash flows of approximately \$50,000 and \$30,000, respectively. The reclassification increased purchases of investments reported on the 2008 statement of cash flows by approximately \$20,000.