

SPECIAL FORCES ASSOCIATION
AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

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Special Forces Association
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EDWARDS PECHMANN & PACKER, INC.

Certified Public Accountants

Albert M. Edwards, CPA • Gregory C. Pechmann, CPA • Angela D. Packer, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Special Forces Association
Fayetteville, North Carolina

We have audited the accompanying statements of financial position of the Special Forces Association as of December 31, 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 Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 our audit provides 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 Special Forces Association as of December 31, 2009 and 2008, and the changes in net assets and it's cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Edwards, Pechmann & Packer, Inc. CPAs

April 26, 2010

Special Forces Association
STATEMENTS OF FINANCIAL POSITION
December 31,

	2009	2008
Assets		
Cash and cash equivalents	\$ 494,580	\$ 494,912
	<hr/>	<hr/>
Total Assets	494,580	494,912
	<hr/>	<hr/>
Liabilities and Net Assets		
Liabilities		
Accounts payable - charge card	-	732
Payroll taxes payable	-	2,601
Chapter funds held	-	1,727
	<hr/>	<hr/>
Total Liabilities	-	5,060
Net Assets		
Designated	371,649	329,742
Undesignated	122,931	160,110
	<hr/>	<hr/>
Total Net Assets	494,580	489,852
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 494,580	\$ 494,912
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The accompanying notes to the financial statements are an integral part of this statement.

Special Forces Association
STATEMENTS OF ACTIVITIES
For the Years Ended December 31,

	2009	2008
Public Support and Revenues		
Membership dues	\$ 150,333	\$ 167,786
Fundraisers	41,100	8,680
Contributions	70,252	60,837
Interest earnings	16,074	19,605
Advertising	29,751	49,162
Sales revenues	16,414	13,459
Miscellaneous	5,680	6,024
	<hr/>	<hr/>
Total Public Support and Revenues	329,604	325,553
Expenses		
Program expenses:		
Assistance and community support	264,167	240,728
Administration	47,335	38,403
Fund raising	13,374	7,315
	<hr/>	<hr/>
Total Expenses	324,876	286,446
Change in Net Assets	4,728	39,107
Net assets beginning of year	489,852	450,745
	<hr/>	<hr/>
Net assets end of year	\$ 494,580	\$ 489,852
	<hr/>	<hr/>

The accompanying notes to the financial statements are an integral part of this statement.

Special Forces Association
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2009	2008
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 4,728	\$ 39,107
Adjustments to Reconcile Change in Net Assets		
Increase (decrease) in liabilities:		
Accounts payable - charge card	(732)	732
Payroll taxes payable	(2,601)	2,601
Chapter funds held	(1,727)	1,727
	<hr/>	<hr/>
Net Cash Flow from Operating Activities	(332)	44,167
Cash and Cash Equivalents at Beginning of Year	494,912	450,745
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	\$ 494,580	\$ 494,912
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The accompanying notes to the financial statements are an integral part of this statement.

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - The Special Forces Association is a nonprofit veterans' fraternal organization formed in 1964 at Ft. Bragg, North Carolina and is chartered in the State of North Carolina. The purpose of the organization is to unite, fraternally, all men who are now or ever have been assigned to the United States Army Special Forces, to perpetuate Special Forces traditions.

Basis of Presentation - The accompanying financial statements are reflective of the Association's operations for the years ended December 31, 2008 and 2007 and present all funds for which the Association's board of directors are responsible. The Association presents its financial statements using generally accepted accounting principles as established by the AICPA's "Audit of Certain Nonprofit Organizations." Under SFAS No. 117 the Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The restricted net asset class represents contributions received that have donor-imposed restrictions.

Basis of Accounting - The Association's financial statements have been prepared on the accrual basis of accounting.

Investments - Investments are reported at fair value. Fair value is the amount at which an investment could be exchanged between two willing parties. Fair value for financial reporting purposes is based on quoted market prices.

Revenue Recognition - Contributions are recognized as revenue when they are received or unconditionally pledged. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Tax Status - The Association is a tax-exempt organization as described in Section 501(c)(19) of the Internal Revenue Code.

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

Note 2 - INVESTMENTS

All investments are reported at fair value. Investments at December 31, 2009 and 2008 consisted only of certificates of deposit and money market accounts.

Special Forces Association
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 3 - UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2008 and 2007, there were no contributions to the Association in the form of written unconditional promises to give (pledges).

Note 4 - CONCENTRATION OF CREDIT RISK

As of December 31, 2008 and 2007, the Association had no concentration of credit risk.

SUPPLEMENTAL INFORMATION

Special Forces Association
SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended December 31,

Expense	Assistance Community Support	Admin	Fund Raising	2009 Totals	2008 Totals
Product cost	\$ -	-	13,374	\$ 13,374	\$ 7,315
Tribute fund	2,173	-	-	2,173	5,000
Rebates	26	-	-	26	188
Salaries and payroll taxes	54,606	13,652	-	68,258	56,010
Flag donation distribution	-	-	-	0	6,657
Professional fees	-	3,960	-	3,960	2,850
Legal fees	-	8,667	-	8,667	4,591
Supplies	3,622	905	-	4,527	4,898
Bank charges	1,164	-	-	1,164	1,263
Patriot fund	24,214	-	-	24,214	11,571
Scholarship fund	20,000	-	-	20,000	14,500
Telephone	3,215	804	-	4,019	3,105
Postage	7,255	1,814	-	9,069	9,362
Insurance and bonds	-	1,250	-	1,250	1,352
Drop mailing	2,128	-	-	2,128	3,296
Drop postage	15,141	-	-	15,141	19,127
Drop contact	6,000	-	-	6,000	6,000
Drop publication	59,545	-	-	59,545	72,579
Occupancy expense	6,627	1,657	-	8,284	8,653
Event expense	35,612	-	-	35,612	6,414
Miscellaneous expense	3,520	-	-	3,520	3,474
Travel expense	15,419	3,855	-	19,274	23,102
Office expense	-	10,771	-	10,771	8,584
Meetings expense	2,514	-	-	2,514	1,555
Support to chapters	1,386	-	-	1,386	5,000
Total	\$ 264,167	47,335	13,374	\$ 324,876	\$ 286,446

The accompanying notes to the financial statements are an integral part of this statement.