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Return of Organization Exempt From Income Tax

2011

Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2011 calendar year, or tax year beginning		, 2011, and ending		, 20
B Check if applicable:		C Name of organization		D Employer identification number
<input type="checkbox"/> Address change		Municipal Association of South Carolina		57-6000743
<input type="checkbox"/> Name change		Doing Business As		E Telephone number
<input type="checkbox"/> Initial return		Number and street (or P O box if mail is not delivered to street address)		803-799-9574
<input type="checkbox"/> Terminated		Room/suite		
<input type="checkbox"/> Amended return		PO Box 12109		
<input type="checkbox"/> Application pending		City or town, state or country, and ZIP + 4		
		Columbia, SC 29211		G Gross receipts \$ 10,364,524
		F Name and address of principal officer. Miriam Hair Same as above		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
				H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status: <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c) (4) ► (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				H(c) Group exemption number ►
J Website: ► www.masc.sc				
K Form of organization. <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation		M State of legal domicile SC

Part I Summary				
Activities & Governance	1 Briefly describe the organization's mission or most significant activities. The Municipal Association of South Carolina represents and serves the state's 269 incorporated municipalities. The Association is dedicated to the principles of its founding members: to offer the services, programs and tools that will give municipal officials the knowledge, experience and tools for enabling the most efficient and effective operation of their municipalities in the complex world of municipal government.			
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	18	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	18	
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	55	
	6 Total number of volunteers (estimate if necessary)	6	161	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	107,921	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-0-		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	
	9 Program service revenue (Part VIII, line 2g)	8,413,514	8,096,774	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	327,353	229,082	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	464,288	472,048	
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	9,205,155	8,797,904	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	-0-	5,000	
	14 Benefits paid to or for members (Part IX, column (A), line 4)	-0-	-0-	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	4,981,184	4,793,045	
	16a Professional fundraising fees (Part IX, column (A), line 11e)	-0-	-0-	
	b Total fundraising expenses (Part IX, column (D), line 25) ►	-0-		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	3,037,053	3,044,884	
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	8,018,237	7,842,929	
19 Revenue less expenses. Subtract line 18 from line 12	1,186,918	954,975		
Net Assets or Fund Balances	Beginning of Current Year	End of Year		
	20 Total assets (Part X, line 16)	15,924,430	18,187,469	
	21 Total liabilities (Part X, line 26)	3,634,894	4,796,556	
	22 Net assets or fund balances. Subtract line 21 from line 20	12,289,536	13,390,913	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	<i>Miriam Hair</i>	Date
	Signature of officer	11/13/12
	Executive Director	
	Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►		Firm's EIN ►		
	Firm's address ►		Phone no		

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form 990 (2011) 9

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Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:

The Municipal Association of South Carolina represents and serves the state's 269 incorporated municipalities. The Association is dedicated to the principles of its founding members: to offer the services, programs and tools that will give municipal officials the knowledge, experience and tools for enabling the most efficient and effective operation of their municipalities in the complex world of municipal government.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 2,762,651 including grants of \$) (Revenue \$ 744,478)

EDUCATION: The Association sponsors training and education opportunities through general and specialized interest meetings, training institutes, communications/publications, a field service program and sponsorship of eleven affiliate groups. The Association provides ongoing support for the following affiliate groups: SC Business Licensing Officials Association, SC Utility Billing Association, SC Community Development Association, Municipal Finance Officers, Clerks and Treasurer's Association, Municipal Human Resources Association, SC Municipal Attorneys Association, SC Association of Stormwater Managers, Municipal Technology Association of SC, SC Association of Municipal Power Systems, Municipal Court Administration Association of SC and the Association of SC Mayors. See Schedule O for program details and accomplishments.

4b (Code:) (Expenses \$ 2,106,981 including grants of \$) (Revenue \$ 2,245,641)

RISK MANAGEMENT AND INSURANCE SERVICES: The Association manages four insurance programs including 2 self-funded insurance programs, an insurance agency and an OPEB trust. Services provided include: workers compensation insurance, property and liability insurance, placement of ancillary policies and an other retiree benefits trust. These products are provided within separate related companies (see Schedule R) with the management of the programs provided by the Association. In addition, the Association's Risk Management Services (RMS) staff helps program members build effective safety and health programs to lower their insurance costs. RMS also assists members through written programs/standards, audits and inspections, technical assistance training sessions, a video library, newsletter and other resources. Further information on the individual programs is provided in Schedule O.

4c (Code:) (Expenses \$ 1,567,215 including grants of \$) (Revenue \$ 0)

ADVOCACY AND TECHNICAL ASSISTANCE: Cities and towns work together to advocate the role of strong cities as a critical part of the state's competitiveness. The Association produces a variety of information tools that support hometown voices in their efforts to communicate with residents, business leaders, the news media and policy makers. These efforts include regional advocacy meetings, lobbying efforts, Hometown SC, Achievement Awards, Hometown Connection, Hometown SC Legislative Action Day, newsletters (daily, weekly and monthly) and various types of technical assistance. See Schedule O for program details and accomplishments.

4d Other program services (Describe in Schedule O.)
(Expenses \$ 990,473 including grants of \$)

(Revenue \$ 5,106,655)

4e Total program service expenses ► \$7,427,320

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	✓	
2	Is the organization required to complete Schedule B, <i>Schedule of Contributors</i> (see instructions)?	✓	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	✓	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X		
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII		
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional		
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		
14a	Did the organization maintain an office, employees, or agents outside of the United States?		
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	✓	

Part IV Checklist of Required Schedules (continued)

21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II

22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III

23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J

24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25

 b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?

 c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?

 d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?

25a **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I

 b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I

26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II

27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III

28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):

 a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV

 b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV

 c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV

29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M

30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M

31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I

32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II

33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I

34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1

35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?

 b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2

36 **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2

37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI

38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O

	Yes	No
21	✓	
22	✓	
23	✓	
24a	✓	
24b		
24c		
24d		
25a	✓	
25b	✓	
26	✓	
27	✓	
28a	✓	
28b	✓	
28c	✓	
29	✓	
30	✓	
31	✓	
32	✓	
33	✓	
34	✓	
35a	✓	
35b		✓
36		
37		✓
38	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance
 Check if Schedule O contains a response to any question in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	48
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	55
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	✓
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	✓
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	✓
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	✓
4b	If "Yes," enter the name of the foreign country: ► See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	✓
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	✓
5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	✓
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	
7d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	
7f	If the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9a	Sponsoring organizations maintaining donor advised funds.	9a	
9b	Did the organization make any taxable distributions under section 4966?	9b	
10	Section 501(c)(7) organizations. Enter:		
10a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
11a	Gross income from members or shareholders	11a	
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
13c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	✓
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year. **18**
 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.

1b Enter the number of voting members included in line 1a, above, who are independent. **18**
 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? **✓**
 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? **✓**
 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? **✓**
 5 Did the organization become aware during the year of a significant diversion of the organization's assets? **✓**
 6 Did the organization have members or stockholders? **✓**
 7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? **✓**
 b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? **✓**
 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:
 a The governing body? **✓**
 b Each committee with authority to act on behalf of the governing body? **✓**
 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O. **✓**

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

10a Did the organization have local chapters, branches, or affiliates? **✓**
 b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? **✓**
 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? **✓**
 b Describe in Schedule O the process, if any, used by the organization to review this Form 990.
 12a Did the organization have a written conflict of interest policy? If "No," go to line 13. **✓**
 b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? **✓**
 c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done. **✓**
 13 Did the organization have a written whistleblower policy? **✓**
 14 Did the organization have a written document retention and destruction policy? **✓**
 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?
 a The organization's CEO, Executive Director, or top management official **✓**
 b Other officers or key employees of the organization **✓**
 If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).
 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? **✓**
 b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? **✓**

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► **NONE**
 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request
 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► **Stephanie O'Cain, Chief Financial Officer; 1411 Gervais St, Columbia SC 29201; 803-933-1234**

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

• List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees, highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated			
(1) Lovith Anderson, Jr Board Member	1	✓					-0-	-0-	-0-
(2) C Samuel Bennett Board Member	1	✓					-0-	-0-	-0-
(3) Renee Cariveau Board Member	1	✓					-0-	-0-	-0-
(4) Richard Danner Board Member / Past President	1	✓		✓			-0-	-0-	-0-
(5) J. Todd Davis Board Member	1	✓					-0-	-0-	-0-
(6) Alfred Mae Drakeford Board Member	1	✓					-0-	-0-	-0-
(7) Ken Durham Board Member	1	✓					-0-	-0-	-0-
(8) Susie Hinton Board Member	1	✓					-0-	-0-	-0-
(9) Kevin Johnson Board Member / President	1	✓		✓			-0-	-0-	-0-
(10) William Johnson Board Member	1	✓					-0-	-0-	-0-
(11) Alys Lawson Board Member	1	✓					-0-	-0-	-0-
(12) Gary Long Board Member	1	✓					-0-	-0-	-0-
(13) Paul Miller Board Member / 1st VP/ President	1	✓		✓			-0-	-0-	-0-
(14) Joseph McElveen, Jr. Board Member / 3rd VP / 2nd VP	1	✓		✓			-0-	-0-	-0-

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated			
(15) Elise Partin Board Member	1	✓					-0-	-0-	-0-
(16) Sheryl Patrick Board Member	1	✓					-0-	-0-	-0-
(17) Randy Randall Board Member / 2nd VP / 1st VP	1	✓		✓			-0-	-0-	-0-
(18) Steve Riley Board Member	1	✓					-0-	-0-	-0-
(19) Thomas Rivers Board Member	1	✓					-0-	-0-	-0-
(20) Terence Roberts Board Member / 3rd VP	1	✓		✓			-0-	-0-	-0-
(21) Stanley Shealy Board Member	1	✓					-0-	-0-	-0-
(22) Kathleen Wilson Board Member	1	✓					-0-	-0-	-0-
(23) Terry Wright Board Member	1	✓					-0-	-0-	-0-
(24) Bill Young Board Member	1	✓					-0-	-0-	-0-
(25) Miriam Hair Executive Director	40			✓			249,220	-0-	28,751
1b Sub-total						►	249,220	-0-	28,751
c Total from continuation sheets to Part VII, Section A						►	925,385	-0-	153,270
d Total (add lines 1b and 1c)						►	1,174,605	-0-	182,021
2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 8									

3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		✓
4	✓	
5		✓

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
VC3, Inc.	Info Tech Consulting	468,413
Patrick Demouy	Collect'n Prog Consultant	139,454
Sowell Gray Stepp & Laffitte, LLC	Legal Services	121,961

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ► 3

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
16 (15) Stephanie O'Cain Chief Financial Officer-Municipal Association	40			✓			117,522	-0-	26,084
27 (18) Reba Campbell Deputy Executive Director	40				✓		161,607	-0-	22,736
28 (17) Eric Budds Deputy Executive Director	40				✓		159,580	-0-	23,084
29 (18) Harvey Mathias Director-Risk Management Services	40				✓		153,454	-0-	21,595
30 (19) Jeff Thompson Assistant Director-Risk Management Services	40					✓	117,298	-0-	28,358
31 (20) Heather Ricard Chief Financial Officer-Risk Mgmt Services	40					✓	111,999	-0-	15,800
32 (21) Ed Schafer Legal Counsel	40					✓	103,925	-0-	15,613
(22)									
(23)									
(24)									
(25)									
1b Sub-total						►	925,385	-0-	153,270
c Total from continuation sheets to Part VII, Section A						►			
d Total (add lines 1b and 1c)						►			
2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ►									

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	4	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns . . .	1a -0-				
	b Membership dues . . .	1b -0-				
	c Fundraising events . . .	1c -0-				
	d Related organizations . . .	1d -0-				
	e Government grants (contributions)	1e -0-				
	f All other contributions, gifts, grants, and similar amounts not included above	1f -0-				
	g Noncash contributions included in lines 1a-1f: \$	1f -0-				
	h Total. Add lines 1a-1f . . . ►	1f -0-				
Program Service Revenue	Business Code					
	2a Collection services	900099	4,536,122	4,536,122		
	b Risk management services	900099	2,245,641	2,245,641		
	c Education	900099	744,478	744,478		
	d Member dues	900099	507,278	507,278		
	e Information services	900099	63,255	63,255		
	f All other program service revenue .					
	g Total. Add lines 2a-2f . . . ►		8,096,774			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) . . . ►	213,687	-0-	73	213,614	
	4 Income from investment of tax-exempt bond proceeds ►	-0-				
	5 Royalties ►	-0-				
	6a Gross rents . . .	(i) Real	(ii) Personal			
	b Less: rental expenses					
	c Rental income or (loss)	-0-	-0-			
	d Net rental income or (loss) . . . ►		-0-			
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b Less cost or other basis and sales expenses .	1,557,750	24,265			
	c Gain or (loss) . . .	1,550,707	15,913			
	d Net gain or (loss) . . . ►	7,043	8,352			
				15,395		15,395
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a	-0-			
	b Less: direct expenses	b	-0-			
c Net income or (loss) from fundraising events . ►		-0-				
9a Gross income from gaming activities. See Part IV, line 19	a	-0-				
b Less: direct expenses	b	-0-				
c Net income or (loss) from gaming activities . ►		-0-				
10a Gross sales of inventory, less returns and allowances	a	-0-				
b Less: cost of goods sold	b	-0-				
c Net income or (loss) from sales of inventory . . . ►		-0-				
Miscellaneous Revenue		Business Code				
11a Municipal Insurance Services		524298	101,248	101,248		
b Gervais Street Associates		531120	274,759		274,759	
c						
d All other revenue		96,041	82,126	6,600	7,315	
e Total. Add lines 11a-11d ►		472,048				
12 Total revenue. See instructions. . . . ►		8,797,904	8,178,900	107,921	511,083	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	5,000	5,000		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	-0-	-0-		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	-0-	-0-		
4 Benefits paid to or for members	-0-	-0-		
5 Compensation of current officers, directors, trustees, and key employees	963,633	917,300	46,333	-0-
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	-0-	-0-	-0-	-0-
7 Other salaries and wages	2,750,688	2,618,430	132,258	-0-
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	275,847	262,584	13,263	-0-
9 Other employee benefits	536,115	510,338	25,777	-0-
10 Payroll taxes	266,762	253,936	12,826	-0-
11 Fees for services (non-employees):				
a Management	-0-	-0-	-0-	-0-
b Legal	167,137	164,228	2,909	-0-
c Accounting	20,300	-0-	20,300	-0-
d Lobbying	79,056	79,056	-0-	-0-
e Professional fundraising services. See Part IV, line 17	-0-			-0-
f Investment management fees	21,338	-0-	21,338	-0-
g Other	289,581	283,192	6,389	-0-
12 Advertising and promotion	2,528	2,528	-0-	-0-
13 Office expenses	198,557	171,382	27,175	-0-
14 Information technology	260,832	245,699	15,133	-0-
15 Royalties	-0-	-0-	-0-	-0-
16 Occupancy	545,684	527,641	18,043	-0-
17 Travel	147,460	141,450	6,010	-0-
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	6,726	-0-	6,726	-0-
19 Conferences, conventions, and meetings	538,798	513,201	25,597	-0-
20 Interest	-0-	-0-	-0-	-0-
21 Payments to affiliates	-0-	-0-	-0-	-0-
22 Depreciation, depletion, and amortization	260,210	245,913	14,297	-0-
23 Insurance	3,255	1,189	2,066	-0-
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Software/Hardware maintenance	185,771	169,808	15,963	-0-
b Printing & engraving	125,799	125,350	449	-0-
c Allowance for Bad Debt	55,000	55,000	-0-	-0-
d Non-capitalized assets	40,471	38,891	1,580	-0-
e All other expenses	96,381	95,204	1,177	-0-
25 Total functional expenses. Add lines 1 through 24e	7,842,929	7,427,320	415,609	-0-
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	200	1	200
	2 Savings and temporary cash investments	5,657,684	2	7,162,867
	3 Pledges and grants receivable, net	-0-	3	-0-
	4 Accounts receivable, net	70,725	4	9,195
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	-0-	5	-0-
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)	-0-	6	-0-
	7 Notes and loans receivable, net	163,041	7	140,000
	8 Inventories for sale or use	-0-	8	-0-
	9 Prepaid expenses and deferred charges	29,297	9	63,636
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 3,652,118		
	b Less: accumulated depreciation	10b 3,043,248	676,730	10c 608,870
	11 Investments—publicly traded securities	3,837,938	11	5,037,558
	12 Investments—other securities. See Part IV, line 11	5,246,679	12	5,086,045
	13 Investments—program-related See Part IV, line 11	-0-	13	-0-
	14 Intangible assets	-0-	14	-0-
	15 Other assets. See Part IV, line 11	242,136	15	79,098
	16 Total assets. Add lines 1 through 15 (must equal line 34)	15,924,430	16	18,187,469
Liabilities	17 Accounts payable and accrued expenses	987,580	17	697,646
	18 Grants payable	-0-	18	-0-
	19 Deferred revenue	341,486	19	469,244
	20 Tax-exempt bond liabilities	-0-	20	-0-
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	3,933	21	3,933
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	-0-	22	-0-
	23 Secured mortgages and notes payable to unrelated third parties	-0-	23	-0-
	24 Unsecured notes and loans payable to unrelated third parties	-0-	24	-0-
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	2,301,895		3,625,733
	26 Total liabilities. Add lines 17 through 25	3,634,894	26	4,796,556
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets		27	
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds	-0-	30	-0-
	31 Paid-in or capital surplus, or land, building, or equipment fund	-0-	31	-0-
	32 Retained earnings, endowment, accumulated income, or other funds	12,289,536	32	13,390,913
	33 Total net assets or fund balances	12,289,536	33	13,390,913
	34 Total liabilities and net assets/fund balances	15,924,430	34	18,187,469

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	8,797,904
2	Total expenses (must equal Part IX, column (A), line 25)	2	7,842,929
3	Revenue less expenses. Subtract line 2 from line 1	3	954,975
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	12,289,536
5	Other changes in net assets or fund balances (explain in Schedule O)	5	146,402
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	13,390,913

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

1 Accounting method used to prepare the Form 990: Cash Accrual Other
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?
2b Were the organization's financial statements audited by an independent accountant?
2c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a	✓	
2b	✓	
2c	✓	
3a	✓	
3b		

SCHEDULE D
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**

OMB No 1545-0047

2011Open to Public
Inspection

Name of the organization

Municipal Association of South Carolina

Employer identification number

57-6000743

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> Preservation of open space
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►	
4 Number of states where property subject to conservation easement is located ►	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ►	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B) (i) and section 170(h)(4)(B)(ii)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
(i) Revenues included in Form 990, Part VIII, line 1 ► \$
(ii) Assets included in Form 990, Part X ► \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
a Revenues included in Form 990, Part VIII, line 1 ► \$
b Assets included in Form 990, Part X ► \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a Public exhibition d Loan or exchange programs
 b Scholarly research e Other _____
 c Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? . . . Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ► %
 b Permanent endowment ► %
 c Temporarily restricted endowment ► %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations
 (ii) related organizations

Yes	No
3a(i)	
3a(ii)	
3b	

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land					
b Buildings					
c Leasehold improvements		101,866	26,171		75,695
d Equipment		112,846	69,307		43,539
e Other		3,437,406	2,947,770		489,636

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c.)) ► 608,870

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests	4,461,338	Cost
(3) Other		
(A) Investment in VC3	528,802	Cost
(B) Stock receivable from VC3	95,905	Cost
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ►	5,086,045	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ►		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	-0-
(2) Due municipalities-collection services	3,625,733
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	3,625,733

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	8,797,904
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	7,842,929
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	954,975
4	Net unrealized gains (losses) on investments	4	146,402
5	Donated services and use of facilities	5	-0-
6	Investment expenses	6	-0-
7	Prior period adjustments	7	-0-
8	Other (Describe in Part XIV.)	8	-0-
9	Total adjustments (net). Add lines 4 through 8	9	146,402
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	1,101,377

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	8,903,558
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	146,402
b	Donated services and use of facilities	2b	-0-
c	Recoveries of prior year grants	2c	-0-
d	Other (Describe in Part XIV.)	2d	-0-
e	Add lines 2a through 2d	2e	146,402
3	Subtract line 2e from line 1	3	8,757,156
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	40,748
b	Other (Describe in Part XIV.)	4b	-0-
c	Add lines 4a and 4b	4c	40,748
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	8,797,904

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	7,802,181
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	-0-
b	Prior year adjustments	2b	-0-
c	Other losses	2c	-0-
d	Other (Describe in Part XIV.)	2d	-0-
e	Add lines 2a through 2d	2e	-0-
3	Subtract line 2e from line 1	3	7,802,181
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	40,748
b	Other (Describe in Part XIV.)	4b	-0-
c	Add lines 4a and 4b	4c	40,748
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	7,842,929

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4, Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part IV Line 2b: The Association manages SC Downtown Development Association (SCDDA), a 501(c)(3) organization. Due to a decrease in funding sources and an increase in banking costs, the Municipal Association agreed to hold the funds of this organization in a custodial relationship. The Association has clearly identified the funds that belong to SCDDA and only charges the account for legitimate SCDDA expenses.

Part XIV Supplemental Information (continued)

SCHEDULE J
(Form 990)

Compensation Information
For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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Department of the Treasury
Internal Revenue Service

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Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input checked="" type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input checked="" type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III.

<input checked="" type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

a Receive a severance payment or change-of-control payment?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

a The organization?
b Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

a The organization?
b Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	✓	
2	✓	
4a	✓	
4b	✓	
4c	✓	
5a	✓	
5b	✓	
6a	✓	
6b	✓	
7	✓	
8	✓	
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Miriam Hair	234,864	0-	14,356	22,693	6,058	277,971	0-
	(ii)	-0-	0-	-0-	-0-	-0-	0-
2 Reba Campbell	156,496	0-	5,111	15,273	7,463	184,343	0-
	(ii)	-0-	0-	-0-	-0-	-0-	0-
3 Eric Budds	154,770	0-	4,810	15,110	7,974	182,664	0-
	(ii)	-0-	0-	-0-	-0-	-0-	0-
4 Harvey Mathias	147,894	0-	5,560	14,459	7,136	175,049	0-
	(ii)	-0-	0-	-0-	-0-	-0-	0-
5							
6							
7							
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10							
11							
12							
13							
14							
15							
16							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Part 1 Line 1a (1) Travel for Companions: The Association's travel policy states: "When it is in the best interest of the Association or circumstances warrant the attendance of an employee's spouse along with the employee at an official function, the Association will reimburse all official expenses in the same manner as provided for the employee. The Executive Director must approve travel by an employee's spouse prior to expenses being incurred." In addition, travel is provided for board member companions for certain meetings.

Part 1 Line 1a (2) Gross-up payments for Health Club Dues: The Association has a wellness initiative which allows all employees who meet the program requirements to receive reimbursement for their gym fees. These payments are included in the employee's W-2 and the gross-up payment method is used.

Part 1 Line 1a (3) Health Dues: Dues for health clubs are reimbursed for all employees up to a \$35 per month maximum and only if the employee meets certain wellness initiative criteria. These amounts are included in employees' Form W-2s at year-end and the Association pays the gross-up tax on these reimbursements.

Part 1 Line 1b The Association has an accountable plan requiring substantiation of all business expenses incurred on behalf of the Municipal Association of South Carolina.

Part 1 Line 3 This is further described in Schedule O relating to Part VI, Line 15a of Form 990.

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

► Attach to Form 990 or 990-EZ.

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Part III: Statement of Program Service Accomplishments

Information on program service accomplishments listed below includes information from the Association's published Annual Report

prepared for the annual meeting held in June 2012. This report covers the one year period between the Association's annual meetings. As

such, some of the program statistics provided may reflect activity from the first six months of 2012 as well as 2011 activity.

Line 3: Change in programs and services

The South Carolina Local Government Assurance Group (SCLGAG), a self-funded health insurance pool program established under IRS

code section 115 and managed by the Association, ceased operations on June 30, 2011. This group, formed in 1981, provided medical,

dental, vision and disability coverage as well as care management. With changes in the health insurance industry, SCLGAG no longer met

the benchmark used for all Association programs--to provide the most cost-effective service for cities and towns.

Line 4a: Communication and Education Expenses: \$2,762,651 Revenues: \$744,478

The Association sponsors training and education opportunities through general and specialized interest meetings, training institutes,

communications/publications and sponsorship of 11 affiliate groups.

Annual Meeting: In 2011, 599 municipal officials from 120 cities and towns registered for this meeting which brings municipal officials

together for training, networking and discussing issues of common interest. Presentations included economic development, innovative

approaches to delivering municipal services, strategic planning, public safety, use of technology in delivering municipal services, downtown

redevelopment, new approaches to budgeting and rules of procedure for public meetings.

Municipal Elected Officials Institute of Government: Offers specialized training for elected officials to increase their understanding of local

government operations. Three classes were held via web streaming to the ten councils of governments' locations. In addition, in-person

sessions were held in Columbia the day before the Association's annual legislative conference meeting in February. Since the 2011 annual

meeting, 69 officials have graduated from the Institute. The Association sponsored the Institute in partnership with the University of South

Carolina's Institute for Public Service and Policy Research and Clemson University's Strom Thurmond Institute.

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Municipal Clerks and Treasurers Institute: Provides specialized training for municipal employees serving in the clerk/treasurer profession. Topics included financial management, records management, election administration, conducting public meetings, human resources management, municipal law and management skills. The semi-annual training sessions were attended by 100 registrants with eight municipal employees graduating from the program.

Local Government Planning and Zoning Officials Orientation Training: Provides training facilitators and resource materials to meet the six hour orientation training requirement of the SC Comprehensive Planning Act for new local government planning and zoning officials. Training materials are prepared by the Association and approved by the State Advisory Committee on Educational Requirements. In the past year, the Association has awarded 76 certificates to individuals completing this orientation training.

South Carolina Local Government Management Training: This program is designed for city and county managers/administrators and assistants new to the profession or new to the state. The program is a collaborative effort of the Association, the SC City and County Management Association, the University of South Carolina's Institute for Public Service and Policy Research, the SC Association of Counties and the SC Association of County Managers, Administrators and Supervisors. Offered quarterly, this training program educates local government managers in areas that are essential to effective managers/administrators. Topics included public budgeting, overview of South Carolina local government, financial management, working effectively with council, employment law and human resource management. Total attendance: 132.

Main Street South Carolina: Follows National Main Street's Four Point Approach--Organization, Promotion, Design and Economic Restructuring--to help members revitalize downtowns into vibrant centers of commerce and community through training and technical assistance. Nine communities participated in the program in 2011. Main Street SC honored exceptional accomplishments in restoring downtowns and neighborhood commercial districts through its Main Street SC Inspiration Awards. Four training sessions were hosted with offerings covering a wide variety of topics including branding and marketing, building a strong business retention program and repositioning a downtown's business mix. Other sessions focused on organizational development and the overall role of a revitalization program in a community.

Publications: The Association publishes a variety of manuals and handbooks on topics of municipal interest. Publications are available to members and the general public at nominal cost. No advertisements are sold for inclusion in the Association's publications and

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newsletters. The Association's website, www.masc.sc, provides a listing of available publications.

The Association publishes a monthly newsletter, Uptown, which provides in-depth articles on issues of municipal interest. The feature topic in each issue examines a topic of municipal interest from a variety of viewpoints. Recent feature sections have covered topics including municipal court, economic development, finance, utilities and sustainability. The Uptown publication has received awards for excellence from the SC Chapter of the Public Relations Society of America, the SC Chapter of International Association of Business Communicators and the SC Society of Association Executives. The Association prints and circulates approximately 5,000 copies of this monthly publication and also makes it available online. Uptown Update, a weekly e-newsletter, provides information about upcoming training opportunities and other timely topics.

Municipal Association of South Carolina website: The website, www.masc.sc, provided access to more than 1,500 documents, presentations, and links with helpful information related to the operations of cities and towns. A powerful search engine and resource library are available to help users navigate to specific information of interest. Recently, the Association added summaries of South Carolina court opinions and orders containing relevant developments in case law. Users have the ability to sort the summaries by date or filter by category.

Video Library: The Municipal Officials Video Library covers issues municipal officials deal with daily such as conducting public meetings and the forms of municipal government.

Achievement Awards: This program recognizes successful and innovative municipal projects that improve the quality of life for residents and add value to the community by establishing partnerships and building community support and also encourages the sharing of ideas among municipal officials. The 2011-2012 program year received entries from 33 municipalities. This program has been recognized for excellence by the SC Chapter of the International Association of Business Communicators.

Sponsored Affiliates: The Association supports 11 affiliate organizations to provide training and networking for a variety of local government staff roles. In addition to providing traditional face-to-face learning and networking opportunities, each affiliate association has a listserve for members to share best practices, experiences and specific questions related to their profession. These affiliate groups offered 23 conferences and special programs during 2011. A brief description of the respective purposes of each affiliate group and their membership base is provided below:

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Association of South Carolina Mayors: This group was formed in 2011 and provides opportunities for South Carolina mayors to more fully engage in advocating for issues that affect cities and towns, to network, and to share ideas and best practices. In its first year, 130 mayors joined this association and five meetings were held.

Municipal Court Administration Association: Offers training to court administrators, clerks of court, municipal judges and other city/town employees involved in court administration. Timely topics included best practices on expungement of criminal records, proper victim's assistance fee collection and administration and proper retention of court records. This group offers opportunities for members to share ideas to make the business of court administration more efficient. Membership base: 226.

Municipal Technology Association of SC: Promotes the effective use of technology by municipalities. Training sessions included information about cloud computing, geographic information systems, and mobile applications and their impact on information technology systems. This group sponsors the SC Local Government Information Technology Education and Certification Program which had nine graduates in 2011. Membership base: 96.

SC Association of Stormwater Managers: Offers quarterly training on stormwater management policies and best practices. Training included updates on proposed changes to stormwater regulations and case studies featuring innovative programs and practices deployed by members. Membership base: 171.

SC Business Licensing Officials Association: Promotes best practices for administering and enforcing the local business and professional license tax through training sessions and the professional designations of Accreditation in Business Licensing (ABL) and Masters in Business Licensing (MBL). During the most recent training year, eight business licensing professionals received the ABL designation and three received the MBL designation. Membership base: 290.

SC Community Development Association: Provides educational forums to address economic and community development needs and enhance members' professional performance. Members representing local, state and private entities learned about successful economic development strategies in both large and small municipalities, adaptive reuse of historic mill buildings, work force development, and lending programs for homeownership. Membership base: 113

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SC Municipal Attorneys Association: Provides an annual training session designed to address the specialized needs of municipal attorneys. Session topics included lessons learned from an annexation lawsuit, how to properly update and administer the model business license ordinance, SC immigration law and its impact on municipalities and responding to requests under the Freedom of Information Act. The Supreme Court of South Carolina Commission on CLE and Specialization approved this training session for continuing education credits. 2011 meeting attendance: 97.

Municipal Finance Officers, Clerks and Treasurers Association: Offers training programs covering the wide range of responsibilities of finance officers, clerks and treasurers. Membership base: 195.

Municipal Human Resources Association: Promotes sound human resources administration and encourages innovative programs. Training programs are designed to provide information and the opportunity for exchange of ideas. Participants learned about current issues involved in establishing personnel policies for the use of personal mobile devices and social media, the do's and don'ts of public sector drug and alcohol testing, the Family Medical Leave Act and the Fair Labor Standards Act. Membership base: 182.

SC Utility Billing Association: Provides training on billing, collections and customer service for municipal utility systems.

Programs focused on customer service skills, workplace safety, and best practices in utility billing and collections. Membership base: 143.

SC Association of Municipal Power Systems (SCAMPS): This group was originally formed to support one another during times of disaster. While mutual aid is still the main focus of SCAMPS, this affiliate expanded their scope to include legislative initiatives and training for elected officials, management staff and operational personnel. Training sessions are centered primarily on the effective, efficient, reliable and safe operation of municipal electric systems. Membership includes all 21 municipal electric utilities in South Carolina. SCAMPS is a separate legal entity-see Schedule R. Management of this entity is provided by the Association.

Line 4b: Risk Management and Insurance Services Expenses:\$2,106,981 Revenues:\$2,245,641

The Association manages two self-funded insurance programs whose core members are South Carolina municipalities, an insurance agency and an OPEB trust. Member services provided include: workers compensation insurance, property and liability insurance and an other retiree benefits trust. These products are provided within separate related companies (see Schedule R) with the management of the programs provided by the Association. Each program has a board of trustees composed of representatives from the program's members.

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The boards are responsible for policy direction. In addition, the Association's Risk Management Services (RMS) staff helps program members build effective safety and health programs designed to reduce claims and lower their insurance costs. RMS also assists members through written programs/standards, audits and inspections, technical assistance, training sessions, newsletter and other resources.

Information on the individual programs is provided below.

SC Municipal Insurance Trust (SCMIT): Formed in 1984, the Trust provides workers' compensation coverage to members. SCMIT provides numerous services to manage risk and reduce the number and size of claims. This program awards grants to member law enforcement, fire and public works departments to cover the cost of purchasing soft body armor, other protective gear and work-zone safety equipment.

Membership base: 108.

SC Municipal Insurance and Risk Financing Fund (SCMIRF): Formed in 1990, this program provides all lines of property and casualty coverage including tort liability, law enforcement liability, public officials' liability, and property and automobile coverage. SCMIRF provides programs designed to reduce claims volume and size which is the key to members managing their long term insurance costs and provides a

Labor Hotline for members to receive free legal advice on labor issues. Membership base: 91.

SC Other Retirement Benefits Employer Trust: The Trust is a GASB 45 compliant trust to pre-fund retirement benefits other than pensions. By pooling funds and sharing the administrative and investment-related expenses of the Trust, local governments reduce their overall costs. **Membership base: 39.**

Municipal Insurance Services: This insurance agency offers certain ancillary property and liability products through SCMIRF to meet the needs of the municipalities of South Carolina.

Line 4c: Advocacy and Technical Assistance Expenses:\$1,567,215 Revenues: \$0

Cities and towns work together to support a strong municipal legislative agenda and to advocate the role of strong cities as a critical part of the state's competitiveness. The Association produces a variety of information tools that support hometown voices in their efforts to communicate with residents, business leaders, the news media and policy makers. These efforts include:

Hometown SC: The Association's long-range awareness building initiative to communicate with one voice the value of cities and towns,

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build relationships with community leaders and encourage support of cities' role in creating the environment for job recruitment and growth. This initiative encourages city leaders to speak with one voice about the value of cities and towns through the Association's legislative agenda, media outreach and the "Cities Mean Business" campaign. This campaign encourages new and stronger collaboration between local elected leaders and their business leaders. The Association rolled out a series of updated "Cities Mean Business" ads and visuals to help cities and towns communicate through publications, public access stations, websites and signage the often unseen elements of strong cities. The Association has partnered with SC Biz magazine, a statewide business publication, to publish a semi-annual magazine called **Cities Mean Business** to spotlight how strong cities are important contributors to the state's economic success. Targeted to business leaders and policy makers statewide, the magazine has a circulation of 15,000 readers and features stories about city-led initiatives to boost the local and regional economy. The Cities Mean Business magazine recently received awards for excellence from the SC Chapter of the **Public Relations Society of America** and the **SC Society of Association Executives**.

Municipal News and Daily News Clips: Municipal News is a weekly electronic newsletter highlighting articles, editorials and other news items. It focuses on legislative top priority issues and spotlights local stories illustrating the value of South Carolina cities and towns. The daily news clips are a quick "at a glance" e-mail with links to news stories of municipal interest around the state.

The Association's legislative initiatives support South Carolina hometowns and the value they bring to the state. The Association's legislative agenda focuses on issues that promote economic growth, enhance a positive quality of life, and encourage local accountability and fiscal responsibility. Legislative efforts include:

Lobbying Efforts: Each year, the board of directors, with recommendations from the Association's legislative committee, identifies the Association's legislative priorities. The priorities focused on issues that promote economic growth, enhance a positive quality of life, and encourage local accountability and fiscal responsibility. The Association seeks out partnerships and coalitions to support legislation that reflects these priorities. The Association staff monitors all proposed bills affecting municipalities' ability to provide services to their residents and discusses with legislators their impact on South Carolina's hometowns. The Association also tracks federal legislation through the National League of Cities. During the legislative session, a weekly report, **From the Dome to Your Home**, is e-mailed to members to recap the week's major bills and preview upcoming week's activities. Municipal leaders can also keep up with progress of bills through an online monitoring system updated daily by Association staff. During the 2011-2012 Legislative session, the Association staff monitored more than 700 bills.

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Hometown SC Legislative Action Day: This annual meeting gives municipal officials the chance to learn about legislative issues affecting municipalities and to meet with members of the South Carolina General Assembly. The 2011 meeting was attended by 515 municipal officials representing 146 cities and towns.

Hometown Connection: This program brings municipal officials to Columbia each month during the legislative session giving them the opportunity to talk with their legislators about the local impact of State House actions. The Association staff briefs the visiting officials on pending legislation affecting municipal government. The municipal officials then meet with their legislators, attend committee meetings and listen to floor debates.

Regional Advocacy Meetings: Each fall the Association staff goes on the road to conduct a series of regional advocacy meetings. In 2011, Association staff visited 10 locations and met with more than 300 municipal officials to talk about the upcoming legislative session, develop strategies and gather input on issues important to cities and towns around the state. These conversations are an important part of the process to build the legislative agenda.

Field Services: Two field service managers (assigned regionally) visit municipal officials to help address issues of local concern. The identification and resolution of minor challenges and concerns can often prevent them from growing into major problems. Field service managers are available, at the request of the municipality, to provide hands-on technical assistance. Over the past year, the field service managers drove more than 80,000 miles to make more than 1,100 visits to South Carolina cities and towns.

Line 4d: Other Program Services Expenses:\$990,473 Revenues:\$5,106,655

The Association contracts with the municipalities of South Carolina to collect certain business license taxes and delinquent debts on their behalf. The four programs described below provide for centralized and efficient collection efforts for participating municipalities.

Insurance Tax Collection Program: Centralizes the licensing procedures for insurance companies and standardizes the collection rates and dates. In 2011, \$122.3 million was collected in current and delinquent business license taxes from insurance companies. Disbursements of \$117.3 million were paid to 266 participating municipalities.

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Telecommunications Tax Collection Program: Centralizes the licensing procedures for telecommunications companies and standardizes the collection rates and dates. In 2011, \$11.3 million was collected from telecommunications companies. Disbursements of \$10.8 million were paid to 265 participating municipalities.

Brokers Tax Collection Program: Insurance companies not licensed to directly sell policies in the state provide coverage through South Carolina licensed brokers. These brokers are required to pay a tax to municipalities. In 2011, \$9.4 million was collected from licensed insurance brokers. Disbursements of \$9.0 million were paid to 265 participating municipalities.

Setoff Debt Collection Program: Local governments can make claims against an individual's state income tax refund to collect for owed debts such as utility bills, taxes, court fines, etc. The Association acts as a conduit for participants to collect on these debts by coordinating information sent to South Carolina Department of Revenue. In 2011, the Association received \$3.4 million in checks from the South Carolina Department of Revenue and disbursed \$3.0 million to 160 program participants.

Other Program Service Revenue: Includes \$507,000 in member dues and \$63,000 related to information technology. The Association in partnership with technology firm VC3 Inc , provides cities and towns affordable technology services to increase productivity and enhance customer service.

Part VI Governance, Management and Disclosure

Line 1a: Governing Body

The Association by-laws establish an Executive Committee consisting of the President who shall act as Chairman of the Executive Committee, the First Vice President, the Second Vice President, the Third Vice President, the immediate Past President and the Executive Director. The Executive Committee is empowered to act in general to carry out any of the functions of the Board of Directors that may be necessary between meetings of the Board of Directors except those duties required by state law or by the by-laws to be performed at the annual meeting.

Line 6: Members or Stockholders

Membership in the Association is offered to all 269 municipalities in South Carolina. The Association does not have stockholders. See discussion for Line 7a regarding rights of members to elect the governing body.

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57-6000743**Line 7a: Election of Governing Body**

The membership elects all board members and officers, other than the Executive Director, at the annual meeting. Any official of a member city is eligible as a delegate. Each member municipality has one vote, which shall be the majority expression of the delegates from that municipality. Twenty member municipalities must be present to constitute a quorum at any meeting of the Association. Board member terms are for three years, with elections on a staggered term basis. Officer terms are one year. As vacancies arise an interim member is appointed by the board and then voted on by membership at the next annual meeting.

Line 8b: Committees with Authority to Act on Behalf of Governing Body

The Executive Committee is the only committee that has the authority to act on behalf of the board. During 2011, all decisions made by this committee were ratified in a full board meeting therefore no separate minutes were maintained.

Lines 10a-10b: Affiliate Organizations

The Association has what it calls affiliate organizations (see also the discussion of affiliate groups in Line 4a). These are typically groups of employees of member municipalities with common training needs. Each group elects their own board and determines their own training needs, etc. Although they elect their own board, they are ultimately governed by the Association's board; required to keep their activities within the Association's mission and follow all Association policies and procedures. Each affiliate group has a written service agreement with the Association and a staff member is assigned to each to help with content development, meeting planning, administrative functions as well as to provide compliance oversight. The related income and expense from these groups are included in the results reported on the Association's Form 990 tax return.

Line 11a: Form 990 Review Process

A draft of the 990 is prepared by staff Certified Public Accountants. During the preparation process, meetings are held to discuss the various sections of the return with the Executive Director, Deputy Executive Directors and others as deemed necessary. The return is not reviewed with the Board of Directors prior to filing due to the timing of the 990 completion and board meeting dates. They are updated about the status of the return before and after the return is filed and it is made available to them upon request.

Name of the organization

Municipal Association of South Carolina

Page 11 of 12

Employer identification number

57-6000743**Line 12c: Conflict of Interest Policy**

The Association adopted a written Conflict of Interest policy on December 8, 2009. All employees and board members are given an annual questionnaire along with the policy to determine if there are any known conflicts. The results are reviewed by management. A summary of the boards' results and those of key employees are provided to the board for their review. The board of directors reviewed results at their April 12, 2011 meeting.

If an actual, potential or apparent conflict of interest is determined, the Association may take one of the following actions to resolve such conflict.

1. Waive the conflict of interest as unlikely to affect the individual's ability to act in the best interests of the Association.
2. Determine the individual should recuse himself from all deliberations and decision-making related to the particular transaction or relationship that gives rise to the conflict of interest.
3. Determine that the individual must resign from his/her service to the Association.

The board of directors will have final authority for resolving all conflicts of interest involving board members and the executive director of the Association. The executive director will have authority over staff.

Line 15: Compensation Review Process

In accordance with the Association's by-laws, the board of directors determines the compensation of the Executive Director. The Executive Director determines the compensation of all other staff members. The Association periodically has an independent compensation consultant perform a salary study to determine salary ranges for all employees including the Executive Director. In between salary studies, the ranges are increased by an annual cost of living percentage. The board of directors has a compensation committee that reviews the Executive Director's performance, salary studies and other comparative salary information from like organizations on an annual basis. This committee makes a recommendation to the full board. Although the committee and the board may meet with staff during this process, including the Executive Director, deliberations and final decisions are made with no staff members present. All final decisions concerning the Executive Director's compensation are fully documented. Compensation of all other employees of the organization (including any other officers or key employees) is set by the Executive Director based on performance and the salary ranges predetermined by the independent consultant.

Name of the organization

Municipal Association of South Carolina

Page 12 of 12

Employer identification number

57-6000743**Line 19: Availability of Governing Documents, Policies and Financial Statements****Governing documents, policies and financial statements of the organization are made available upon request.****Part IX: Statement of Functional Expenses****Line 11(g) Fees for Services Other \$289,581****Professional services of \$247,836 is composed of: Collections \$139,543; Communications \$28,591; Trade Certification \$23,355;****Consulting \$20,425; and Other \$35,922. Additional expenses included in this line item are as follows: contract writers \$14,200; architectural services \$14,038; media production \$5,004; payroll processing \$4,427 and temporary contract services \$4,076.****Part XI: Reconciliation of Net Assets****Line 5: Other changes in net assets or fund balance \$146,402****The Association incurred unrealized gains of \$146,402 on investments carried at market value for the calendar year ended****December 31, 2011.**

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Municipal Association of South Carolina

Related Organizations and Unrelated Partnerships

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
► Attach to Form 990. ► See separate Instructions.

Name of the organization
Municipal Association of South Carolina
Employer identification number
57-6000743

OMB No 1545-0047
2011
Open to Public
Inspection

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Municipal Insurance Services, LLC EIN: 20-3272748 P O Box 12109, Columbia, SC 29211	Ancillary policy placement	SC	101,321	(40,592)	Municipal Assoc
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(1) SC Municipal Insurance Risk Financing Fund EIN: 57-0918119 P O Box 12109, Columbia, SC 29211	Self-insur prop liab	SC				N/A
(2) SC Municipal Insurance Trust EIN: 57-0876698 P O Box 12109, Columbia, SC 29211	Self-insur work comp	SC				N/A
(3) SC Local Government Assurance Group EIN: 57-0876697 P O Box 12109, Columbia, SC 29211	Self-insur hth pool	SC				N/A
(4) SC Other Retirement Benefits Employer Trust EIN: 26-66660520 P O Box 12109, Columbia, SC 29211	Empl retirement bfts	SC				N/A
(5) SC Association of Municipal Power Systems EIN: 57-0758233 P O Box 12109, Columbia, SC 29211	Power systems assoc	SC	501(c) (6)	N/A		
(6) SC Downtown Development Association EIN: 57-0756647 P O Box 12109, Columbia, SC 29211	Downtwn development	SC	501(c) (3)	Line 9 N/A		
(7)						

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat. No. 50135Y

Schedule R (Form 990) 2011

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?	(i) Code 1-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership
(1) Gervais St Assoc PO Box 12109	Rental real estate	SC	N/A	Excluded 512-514	308,801	4,478,763	✓	N/A	✓	50%
(2) Columbia, SC										
(3)										
(4)										
(5)										
(6)										
(7)										

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) NOT APPLICABLE							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity
- b Gift, grant, or capital contribution to related organization(s)
- c Gift, grant, or capital contribution from related organization(s)
- d Loans or loan guarantees to or for related organization(s)
- e Loans or loan guarantees by related organization(s)
- f Sale of assets to related organization(s)
- g Purchase of assets from related organization(s)
- h Exchange of assets with related organization(s)
- i Lease of facilities, equipment, or other assets to related organization(s)
- j Lease of facilities, equipment, or other assets from related organization(s)
- k Performance of services or membership or fundraising solicitations for related organization(s)
- l Performance of services or membership or fundraising solicitations by related organization(s)
- m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n Sharing of paid employees with related organization(s)
- o Reimbursement paid to related organization(s) for expenses
- p Reimbursement paid by related organization(s) for expenses
- q Other transfer of cash or property to related organization(s)
- r Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of other organization	(b) Transaction type (e-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
									Yes	No	
(1) NOT APPLICABLE											
(2)											
(3)											
(4)											
(5)											
(6)											
(7)											
(8)											
(9)											
(10)											
(11)											
(12)											
(13)											
(14)											
(15)											
(16)											

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Part III Line 1. The Municipal Association of South Carolina is allocated 100% of the profits of Gervais Street Associates until all losses of GSA previously absorbed by the Association have been recouped. When this is completed, proportionate allocation of profits will resume with distribution based on capital investment percentages for all three partners.

Part V Line 1d. There is a long term receivable with balance of \$140,000 from South Carolina Other Retirement Benefits Employer Trust.

Part V Line 1i. Related entities South Carolina Municipal Insurance Trust, South Carolina Insurance Risk Financing Fund and South Carolina Other Retirement Benefits Employer Trust pay rent to the Municipal Association. Rent is allocated based on square footage occupied and is included in the administrative fee paid to the Association.

Part V Line 1j. The Municipal Association leases facilities from Gervais Street Associates.

Part V Line 1k. The Association performs services for all entities listed in Schedule R Part II. The risk management entities (listed on lines 1 thru 4 of Part II) reimburse the Association for direct staffing costs as well as support services through payment of administrative fees.

The SC Association of Municipal Power Systems pays an administrative fee for support services but is not allocated rent or staffing costs.

The SC Downtown Development Association is currently inactive and does not pay an administrative fee to the Association.

Part V Line 1r. The Association receives cash from related organizations for payment of services included in line 1k.

Form 4562**Depreciation and Amortization
(Including Information on Listed Property)**

OMB No 1545-0172

2011Attachment
Sequence No 179Department of the Treasury
Internal Revenue Service (99)

► See separate instructions.

► Attach to your tax return.

Name(s) shown on return

Municipal Association of South Carolina

Business or activity to which this form relates

990

Identifying number

57-6000743

Part I Election To Expense Certain Property Under Section 179*Note: If you have any listed property, complete Part V before you complete Part I.*

1 Maximum amount (see instructions)	1	
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ►	13	

*Note: Do not use Part II or Part III below for listed property. Instead, use Part V.***Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	260,210

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2011	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ► <input type="checkbox"/>		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	260,210
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25	Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .	25						

26 Property used more than 50% in a qualified business use:

	%							
	%							
	%							

27 Property used 50% or less in a qualified business use:

	%				S/L -			
	%				S/L -			
	%				S/L -			

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 . **28**

29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30	Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
		Yes	No										
31	Total commuting miles driven during the year												
32	Total other personal (noncommuting) miles driven												
33	Total miles driven during the year. Add lines 30 through 32												
34	Was the vehicle available for personal use during off-duty hours?												
35	Was the vehicle used primarily by a more than 5% owner or related person?												
36	Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	<input type="checkbox"/> Yes	<input type="checkbox"/> No											
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners													
39	Do you treat all use of vehicles by employees as personal use?													
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?													
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)													
<i>Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles</i>														

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42	Amortization of costs that begins during your 2011 tax year (see instructions)				
43	Amortization of costs that began before your 2011 tax year		43		

44	Total. Add amounts in column (f). See the instructions for where to report	44
----	--	----