

A.C. Moore Arts & Crafts, Inc.  
Form 11-K  
June 26, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 11-K  
FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS  
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the fiscal year ended December 31, 2008**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 000-23157**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**A.C. MOORE ARTS & CRAFTS, INC. 401(K) PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**A.C. MOORE ARTS & CRAFTS, INC.**

**130 A.C. Moore Drive  
Berlin, New Jersey 08009**

**A.C. MOORE**  
**ARTS & CRAFTS, INC.**  
**401(k) PLAN**  
Financial Statements  
December 31, 2008

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A.C. Moore Arts & Crafts, Inc.  
401(k) Plan  
December 31, 2008

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**[Stockton Bates, LLP Letterhead]**  
**INDEPENDENT AUDITORS REPORT**

**To the Trustees**

**A.C. Moore Arts & Crafts, Inc.**

**401(k) Plan**

**Berlin, New Jersey**

We have audited the accompanying statements of net assets available for benefits of the A.C. Moore Arts & Crafts, Inc. 401(k) Plan (the Plan ) as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the A.C. Moore Arts & Crafts, Inc. 401(k) Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at end of year included on page 11 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Stockton Bates, LLP

**Certified Public Accountants**

**Philadelphia, Pennsylvania**

**June 16, 2009**

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**A.C. Moore Arts & Crafts, Inc.**  
**401(k) Plan**

**Statements Of Net Assets Available For Benefits**

| December 31:                             | 2008               | 2007         |
|--|--------------------|--------------|
| <b>ASSETS:</b>                           |                    |              |
| Cash                                     | \$ 940             | \$ 42,485    |
| Investments, at fair value:              |                    |              |
| Corporate stocks common                  | 305,609            | 1,445,734    |
| Common/collective trusts                 | 2,167,124          | 1,894,202    |
| Registered investment companies          | 6,035,507          | 10,145,539   |
| Participant loans                        | 523,972            | 481,351      |
| <b>Total investments</b>                 | <b>9,032,212</b>   | 13,966,826   |
| Receivables:                             |                    |              |
| Employer contributions                   | 3,837              | 5,071        |
| Participants contributions               | 23,281             | 32,714       |
|  | 27,118             | 37,785       |
| <b>Total assets</b>                      | <b>9,060,270</b>   | 14,047,096   |
| <b>LIABILITIES:</b>                      |                    |              |
| Excess participant contributions payable | 77,293             | 134,560      |
| <b>NET ASSETS AVAILABLE FOR BENEFITS</b> | <b>\$8,982,977</b> | \$13,912,536 |

See Accompanying Notes

**A.C. Moore Arts & Crafts, Inc.**  
**401(k) Plan**

**Statement Of Changes In Net Assets Available For Benefits**

Year Ended December 31, 2008:

**ADDITIONS:**

Additions to net assets attributed to:

Investment income:

|  |                |
|--|----------------|
| Net decrease in fair value of investments (See Note 4) | \$ (5,084,256) |
| Interest and dividends                                 | 295,712        |

(4,788,544)

Contributions:

|              |           |
|--------------|-----------|
| Employer     | 225,778   |
| Participants | 1,576,430 |

1,802,208

**Total additions**

(2,986,336)

**DEDUCTIONS:**

Deductions from net assets attributed to:

|                               |           |
|-------------------------------|-----------|
| Benefits paid to participants | 1,933,099 |
| Administrative expenses       | 10,124    |

**Total deductions**

1,943,223

**Net decrease**

(4,929,559)

**NET ASSETS AVAILABLE FOR BENEFITS:**

|                   |            |
|-------------------|------------|
| Beginning of year | 13,912,536 |
|-------------------|------------|

|             |              |
|-------------|--------------|
| End of year | \$ 8,982,977 |
|-------------|--------------|

See Accompanying Notes

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**A.C. Moore Arts & Crafts, Inc.  
401(k) Plan**

**Notes To Financial Statements  
December 31, 2008**

**1. DESCRIPTION OF PLAN:**

The following description of the A.C. Moore Arts & Crafts, Inc. 401(k) Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The A.C. Moore Arts & Crafts, Inc. 401(k) Plan (the Plan) was established in 1999 by A.C. Moore Arts & Crafts, Inc. (the Company) to provide for retirement income and financial protection in the event of death or retirement of covered employees and to provide for the financial protection and compensation of employees in the event of permanent disability. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Most administrative expenses are paid directly by the Company.

All employees of the employer and participating affiliates who are at least 21 years of age and have completed 1/4 year of service are eligible to participate in this Plan, except non-resident aliens, and employees who are members of a union who bargained separately for retirement benefits during negotiations. Employees will become participants in the Plan on the entry date coincident with or next following the date they meet the participation requirements. The entry dates for the Plan are the first day of each month.

Participants may elect to contribute up to 100 percent of their annual compensation, subject to IRS limitations. The Company made a matching contribution of 25 percent of the first 6 percent of the employee compensation contributed as an elective deferral subject to a maximum of \$1,500 for 2008.

Each participant's account is credited with the participant's and employer's contribution and related plan earnings, transfer contributions and rollovers. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

The Company generally remits employee deferral and Company matching contributions to the plan on a weekly basis.

BISYS Plan Services provides record keeping services for the Plan's Trustee, Frontier Trust Company, FSB. The employees' and employer's contributions were deposited in a fund held by the Trustee during the year.

Participants may direct the investment of their account balances among alternative investment funds provided under the Plan.

Participants are immediately vested in their voluntary contributions and any transfers or rollovers plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is 100 percent vested after 3 years of credited service.

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**A.C. Moore Arts & Crafts, Inc.  
401(k) Plan**

**Notes To Financial Statements  
December 31, 2008**

**1. DESCRIPTION OF PLAN: (Continued)**

On termination of service, the normal form of payment to a participant is a lump sum. An optional form of payment is installments payable in cash or in kind, or part cash and part in kind over a period not to exceed the participant's expected lifetime, or the joint future lifetime of the participant and spouse.

Plan assets allocated to the accounts of persons who have terminated with the Company but have not withdrawn from the Plan approximate \$2,373,000 at December 31, 2008.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Valuation of Investments:**

The Plan's investments are valued at quoted market prices (level 1) and consist of shares in mutual funds, common/collective trusts and common stock of A.C. Moore Arts & Crafts, Inc. (plan sponsor). The investments are held and managed by Frontier Trust Company, FSB. Security transactions in these funds and common stock are recorded on a trade date basis. The value of the mutual funds fluctuates to reflect the fair market values of the securities held in these funds.

**Use of Estimates:**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

**Forfeitures:**

Employer contributions for the years ended December 31, 2008 and 2007 were reduced by \$21,566 and \$7,805, respectively, from forfeited non-vested accounts. At December 31, 2008 forfeited non-vested accounts totaled \$4,875.

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**A.C. Moore Arts & Crafts, Inc.**  
**401(k) Plan**

**Notes To Financial Statements**  
**December 31, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**Loans:**

Loans are available to all participants in the Plan on a uniform and nondiscriminatory basis. Loans must bear a reasonable rate of interest and be adequately secured. A participant may borrow any amount up to 50% of their vested account balance, subject to a maximum of \$50,000 minus their highest outstanding loan amount during the prior twelve months. Repayment of a loan must be made at least quarterly, on an after-tax basis, in level payments of principal and interest, and repaid within five years, except for the purchase of a primary residence.

**3. TAX STATUS:**

The plan obtained its latest determination letter on June 14, 2005, in which the Internal Revenue Service stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The plan has been amended since receiving the determination letter. However, the plan administrator and the plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

**4. INVESTMENTS:**

Investments that represents 5% or more of fair value of the Plan's net assets are as follows:

| December 31:                          | <b>2008</b>      | 2007        |
|---------------------------------------|------------------|-------------|
| A.C. Moore Arts & Crafts, Inc.        | \$               | \$1,445,734 |
| ML Retirement Preservation Trust      | <b>2,167,124</b> | 1,894,202   |
| Black Rock Basic Value Fund Class A   | <b>797,813</b>   | 1,344,214   |
| DWS Core Fixed Income Fund Class A    | <b>996,016</b>   | 1,182,466   |
| Growth Fund of America                | <b>1,000,003</b> | 1,804,322   |
| Munder Small Cap Value Fund           | <b>724,393</b>   | 1,485,603   |
| Black Rock S&P 500 Index Fund Class I | <b>478,099</b>   | 798,488     |
| Thornburg International Value Class A | <b>775,044</b>   | 1,523,545   |

During 2008, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) decreased in value by (\$5,084,256) as follows:

|  |   |                       |
|--|---|-----------------------|
| Common stock                                   | ( | <b>\$ 1,381,975)</b>  |
| Registered investment companies (mutual funds) | ( | <b>3,702,281)</b>     |
|  |   | <b>\$ (5,084,256)</b> |

**A.C. Moore Arts & Crafts, Inc.**  
**401(k) Plan**

**Notes to Financial Statements**  
**December 31, 2008**

**5. FAIR VALUE MEASUREMENTS:**

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits.

|                                 |                     | <b>Fair Value Measurements</b> |                      |
|---------------------------------|---------------------|--------------------------------|----------------------|
|                                 |                     | <b>Using:</b>                  |                      |
|                                 |                     | <b>Quoted Prices</b>           |                      |
|                                 |                     | <b>in</b>                      |                      |
|                                 |                     | <b>Active Markets</b>          | <b>Significant</b>   |
|                                 |                     | <b>for</b>                     | <b>Unobserved</b>    |
|                                 |                     | <b>Identical</b>               | <b>Inputs (Level</b> |
|                                 |                     | <b>Assets</b>                  | <b>3)</b>            |
|                                 | <b>Fair Value</b>   | <b>(Level 1)</b>               |                      |
| <b>December 31, 2008</b>        |                     |                                |                      |
| Corporate stocks – common       | \$ 305,609          | \$ 305,609                     | \$                   |
| Common/collective trusts        | 2,167,124           | 2,167,124                      |                      |
| Registered investment companies | 6,035,507           | 6,035,507                      |                      |
| Participant loans               | 523,972             |                                | 523,972              |
| <b>Total</b>                    | <b>\$ 9,032,212</b> | <b>\$ 8,508,240</b>            | <b>\$ 523,972</b>    |
| <b>December 31, 2007</b>        |                     |                                |                      |
| Corporate stocks – common       | \$ 1,445,734        | \$ 1,445,734                   | \$                   |
| Common/collective trusts        | 1,894,202           | 1,894,202                      |                      |
| Registered investment companies | 10,145,539          | 10,145,539                     |                      |
| Participant loans               | 481,351             |                                | 481,351              |
| <b>Total</b>                    | <b>\$13,966,826</b> | <b>\$13,485,475</b>            | <b>\$ 481,351</b>    |

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Plan, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

**A.C. Moore Arts & Crafts, Inc.**  
**401(k) Plan**

**Notes to Financial Statements**  
**December 31, 2008**

**5. FAIR VALUE MEASUREMENTS: (Continued)**

*Level 1 Fair Value Measurements*

The fair value of registered investment companies and common/collective trusts are based on quoted net asset values of the shares held by the Plan at year-end. The fair values of common stock is based on quoted market prices.

*Level 3 Fair Value Measurements*

The participant loans are not actively traded and significant other observable inputs are not available. Thus, the fair value of participant loans is equal to the amortized cost of the loans because the loans are secured by each respective participant's account balance. The following table provides further details of the Level 3 fair value measurements.

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)**

| <b>December 31:</b>  | <b>Participant Loans</b> |             |
|--|--------------------------|-------------|
|  | <b>2008</b>              | <b>2007</b> |
| Beginning balance  | <b>\$481,351</b>         | \$502,030   |
| Total gains or losses (realized and unrealized) included in the changes in net assets available for benefits |                          |             |
| Purchases, sales, issuance, and settlements, (net)   | <b>42,621</b>            | (20,679)    |
| Ending balance   | <b>\$523,972</b>         | \$481,351   |

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the year ended December 31, 2008 are reported in net appreciation in fair value of investments.

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**A.C. Moore Arts & Crafts, Inc.**  
**401(k) Plan**

**Notes To Financial Statements**  
**December 31, 2008**

**6. RISKS AND UNCERTAINTIES:**

The Plan provides for investment options in any combination of stocks and mutual funds. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

**7. PLAN TERMINATION:**

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event the Plan is terminated, participants will become 100 percent vested in their accounts.

**8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500:**

A reconciliation of net assets available for benefits as reported on the financial statements to that reported on the Form 5500 follows:

| December 31:   | <b>2008</b>        | 2007         |
|--|--------------------|--------------|
| Net assets available for benefits per the financial statements | <b>\$8,982,977</b> | \$13,912,536 |
| Receivable employer contributions                              |                    | (5,071)      |
| Receivable participants' contributions                         |                    | (32,714)     |
| Return of excess contributions                                 | <b>77,293</b>      | 134,560      |
| <b>NET ASSETS AVAILABLE FOR BENEFITS, PER FORM 5500</b>        | <b>\$9,060,270</b> | \$14,009,311 |

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**A.C. Moore Arts & Crafts, Inc.**  
**401(k) Plan**

**Notes To Financial Statements**  
**December 31, 2008**

**8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500: (Continued)**

A reconciliation of net decrease in net assets available for benefits as reported on the financial statements to that reported on Form 5500 follows:

Year Ended December 31, 2008:

|  |                        |
|--|------------------------|
| Net decrease in net assets available for benefits per the financial statements | <b>\$(4,929,559)</b>   |
| Difference in employer contributions   | <b>5,071</b>           |
| Difference in participants' contributions                                      | <b>32,714</b>          |
| Difference in excess contributions   | <b>( 57,267)</b>       |
| <b>NET DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PER FORM 5500</b>        | <b>( \$ 4,949,041)</b> |

The above differences are attributable to the financial statements being reported on the accrual basis of accounting, while certain items on Form 5500 are being reported on the cash basis, namely contributions. In addition, unrealized appreciation (depreciation) and dividend income are combined for Form 5500 reporting purposes.

**9. EXCESS PARTICIPANT CONTRIBUTIONS PAYABLE:**

The Plan failed the discrimination test for the year ended December 31, 2008. Excess contributions amounting to \$77,293 are recorded as a liability in the accompanying statement of net assets available for benefits and as a reduction of participant directed contributions.

The Plan reimbursed these excess contributions to plan participants during 2009.

**10. SUSPENSION OF EMPLOYER MATCHING CONTRIBUTION**

Effective January 1, 2009, the plan sponsor has suspended the employer matching contribution.

**SUPPLEMENTAL INFORMATION**

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**A.C. Moore Arts & Crafts, Inc.****401(k) Plan****Plan 001 EI# 22-3527763****Attachment to Form 5500, Schedule H, Part IV, (i)****Schedule of Assets Held for Investment Purposes At End of Year**

December 31, 2008:

| (a)                                     | (b)   | (d) # | Par Value/<br>Units | (e)<br>Market<br>Value |
|---|---|-------|---------------------|------------------------|
| <b>Identity of Issue</b>                |   |       |                     |                        |
| <b>(c) Description of Investment</b>    |   |       |                     |                        |
| <b>Common Stock:</b>                    |   |       |                     |                        |
| *                                       | A.C. Moore Arts & Crafts, Inc.                |       | 218,291.9           | \$ 305,609             |
| <b>Common/Collective Trusts:</b>        |   |       |                     |                        |
|   | ML Retirement Preservation Trust              |       | 2,167,124.0         | 2,167,124              |
| <b>Registered Investment Companies:</b> |   |       |                     |                        |
|   | Alliance Bernstein 2015 Retirement Strategy A |       | 493.4               | 3,558                  |
|   | Alliance Bernstein 2020 Retirement Strategy A |       | 1,258.6             | 8,811                  |
|   | Alliance Bernstein 2030 Retirement Strategy A |       | 557.7               | 3,865                  |
|   | Alliance Bernstein 2040 Retirement Strategy A |       | 1,281.9             | 9,087                  |
|   | BlackRock Basic Value Fund Class A            |       | 44,421.5            | 797,813                |
|   | BlackRock S&P 500 Index Fund Class I          |       | 43,463.5            | 478,099                |
|   | DWS Core Fixed Income Fund Class A            |       | 114,353.1           | 996,016                |
|   | Evergreen Health Care Fund Class A            |       | 10,342.6            | 148,831                |
|   | Federated Government Income Securities        |       | 20,309.3            | 180,348                |
|   | Growth Fund of America                        |       | 49,505.0            | 1,000,003              |
|   | MFS Utilities Fund Class A                    |       | 29,295.1            | 342,167                |
|   | Munder Small Cap Value Fund                   |       | 59,669.8            | 724,393                |
|   | RCM Technology Fund                           |       | 10,587.6            | 247,964                |
|   | Stock Pending Settlement Fund                 |       | 43.2                | 43                     |
|   | The Oakmark Equity and Income Fund            |       | 10,546.7            | 226,549                |
|   | Thornburg International Value Class A         |       | 40,706.0            | 775,044                |
|   | Victory Special Value A                       |       | 9,064.9             | 92,916                 |
|   |   |       |                     | 6,035,507              |



**Participant Loans (236 loans at interest ranging from 4.50% to 7.25%, maturing through 2013):**

|              |                    |
|--------------|--------------------|
| Loan Fund    | 523,972            |
| <b>TOTAL</b> | <b>\$9,032,212</b> |

\* Represents a party-in-interest to the Plan.

# Not applicable, all investments are participant directed.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrator of the A.C. Moore Arts & Crafts, Inc. 401(k) Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**A.C. MOORE ARTS & CRAFTS, INC. 401(K)  
PLAN**

Date: June 26, 2009

By: /s/ RODNEY B. SCHRIVER  
Rodney B. Schriver  
Administrator