The Financial Planning Association And Subsidiaries

Financial Statements and Supplementary Information
For the years ended May 31, 2008 and 2007

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

Board of Directors
The Financial Planning Association:

We have audited the accompanying statements of financial position of the Financial Planning Association and Subsidiaries (the Association) as of May 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Financial Planning Association and Subsidiaries as of May 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary consolidating information included in Schedules 1 and 2 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kundinger, Corder & Engle, P.C.

September 4, 2008

The Financial Planning Association and Subsidiaries

Consolidated Statements of Financial Position

May 31, 2008 and 2007

		2008	2007
Assets			
Current assets:			
Cash and cash equivalents	$	2,834,972	3,221,274
Short term investments (note 3)		1,762,797	1,681,560
Receivables, net of allowance for doubtful accounts of $44,165 and $43,458		599,274	643,081
Deposits and prepaid expenses (note 2)		807,242	604,707
Total current assets		6,004,285	6,150,622
Property and equipment:			
Office furniture and equipment		974,726	847,619
Software and website development costs (note 9)		1,798,589	1,168,040
Leasehold improvements		81,889	81,889
		2,855,204	2,097,548
Less accumulated depreciation and amortization		1,646,421	1,361,712
Total property and equipment		1,208,783	735,836
Long term assets:			
Investments (note 3)		3,795,157	3,956,531
Total assets	$	11,008,225	10,842,989
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	1,306,167	1,181,807
Accrued benefits, taxes and severance		368,335	353,781
Deferred rent, current		42,590	14,698
Deferred revenue (note 4)		6,724,147	5,750,916
Total current liabilities		8,441,239	7,301,202
Deferred rent, long term		179,098	232,095
Total liabilities		8,620,337	7,533,297
Net assets:			
Unrestricted		2,234,366	3,184,909
Temporarily restricted (note 8)		153,522	124,783
Total net assets		2,387,888	3,309,692
Commitments and contingencies (notes 5 and 6)			
Total liabilities and net assets	$	11,008,225	10,842,989

See accompanying notes to financial statements.

The Financial Planning Association and Subsidiaries

Consolidated Statements of Activities

Years ended May 31, 2008 and 2007

		2008	2007
Operating Revenue:			
Membership, community and research	$	7,688,467	7,706,477
Institutional membership and sponsorship		951,045	959,298
Corporate mailing lists		42,380	53,588
Product sales and exam processing fees		282,954	257,610
Annnual conference		3,543,140	3,030,511
Other conferences and educational seminars		1,144,270	1,109,513
Chapter relations		146,550	3,325
Publications and website		2,303,625	2,338,961
Interest and dividends		83,347	108,548
Miscellaneous		13,556	1,843
Released from restrictions (note 8)		216,552	276,809
Total operating revenue		16,415,886	15,846,483
Expenses:			
Program services:			
Membership, community and research		2,344,772	2,413,720
Institutional membership		627,454	574,748
Corporate mailing lists		-	8,154
Product sales and exam processing		174,518	207,851
Annual conference		2,052,141	1,655,431
Other conferences and educational seminars		1,120,691	1,152,570
Public relations and communications		816,893	811,433
Government relations		964,536	858,058
Chapter relations		1,983,685	1,568,588
Publications and website		2,842,123	2,299,689
National Financial Planning Support Center (note 8)		216,552	276,809
Total program expenses		13,143,365	11,827,051
Supporting services:			
Administration		3,251,088	2,854,470
Executive and board		891,814	829,184
Total supporting services		4,142,902	3,683,654
Total operating expenses		17,286,267	15,510,705
Change in unrestricted net assets, operating		(870,381)	335,778
Net gain (loss) on investments (note 3)		(80,162)	720,788
Change in unrestricted net assets		(950,543)	1,056,566
Temporarily restricted contributions net of releases from restrictions (note 8)		28,739	(261,809)
Change in net assets		(921,804)	794,757
Net assets, beginning of year		3,309,692	2,514,935
Net assets, end of year	$	2,387,888	3,309,692

See accompanying notes to financial statements.

The Financial Planning Association and Subsidiaries

Consolidated Statement of Cash Flows

Years ended May 31, 2008 and 2007

		2008	2007
Cash flows from operating activities:			
Membership services	$	7,961,095	7,697,787
Corporate membership		1,031,449	856,327
Corporate mailing lists		47,390	75,431
Product sales and exam processing fees		272,320	255,124
Annual Conference		4,305,423	3,264,655
Other conferences and seminars		1,136,378	1,121,004
Chapter relations		146,550	3,325
Publications and website		2,224,485	2,365,172
Interest and dividends		372,518	341,409
Grants		245,291	15,000
Miscellaneous income		13,556	1,843
Cash paid to suppliers and employees		(17,095,904)	(15,280,746)
Net cash provided by operating activities		660,551	716,331
Cash flows from investing activities:			
Dividends reinvested		(289,196)	(232,837)
Acquisitions of property and equipment		(757,657)	(325,674)
Net cash used by investing activities		(1,046,853)	(558,511)
Net increase (decrease) in cash and cash equivalents		(386,302)	157,820
Cash and cash equivalents at beginning of period		3,221,274	3,063,454
Cash and cash equivalents at end of period	$	2,834,972	3,221,274
Reconciliation of change in net assets to net cash provided by operating activities:			
Change in net assets, after net gain on investments	$	(921,804)	794,757
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		284,710	255,293
Loss on disposal of assets		-	2,170
Realized and unrealized (gains) losses on investments		369,333	(487,927)
Decrease (increase) in:			
Receivables		43,807	(207,186)
Prepaid expenses and other assets		(202,535)	(67,922)
Increase in:			
Accounts payable, grants payable, accrued vacation, and accrued expenses		138,914	73,113
Deferred rent credits		(25,105)	(5,614)
Deferred revenue		973,231	359,647
Net cash provided by operating activities	$	660,551	716,331

See accompanying notes to financial statements.

The Financial Planning Association

Notes to Financial Statements

May 31, 2008 and 2007

(1) Summary of Significant Accounting Policies

(a) Organization and Principles of Consolidation

The Financial Planning Association (the Association) is a not-for-profit corporation formed by the merger of the Institute for Certified Financial Planners (ICFP) and the International Association for Financial Planning, Inc. (IAFP). The primary aim of the Association is to be the community that fosters the value of financial planning and advances the financial planning profession. The Association maintains offices in Denver and Washington D.C.

The financial statements of the Association include its wholly owned subsidiary, the Financial Services Information Company (FSIC). FSIC is a for-profit corporation incorporated in Georgia, which publishes the *Journal of Financial Planning* and hosts the web site for the Association.

In addition, the National Financial Planning Support Center (the Center) is a not-for-profit corporation organized to carry out the charitable activities of the Association. Because the Center is under the control of the Association, it is included in these financial statements.

All significant inter-company balances and transactions have been eliminated.

Chapters of the Association are operated independently and are not included in the consolidated financial statements.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Association had no permanently restricted net assets at May 31, 2008 or 2007.

(1) Summary of Significant Accounting Policies, Continued

(d) Cash and Cash Equivalents

For financial statement purposes, the Association considers all highly liquid investments with a maturity of three months or less when purchased, and which are not held by outside investment managers as part of an investment portfolio, to be cash equivalents. Money market funds held as a part of the Association's investment portfolio are not considered to be cash equivalents for purposes of the statement of cash flows and are depicted as short term investments in the financial statements.

(e) Accounts Receivable

Accounts receivable represent amounts due resulting from the performance of services provided to other organizations and individuals. The allowance for doubtful accounts is based on past experience and on analysis of the collectibility of current accounts receivable. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms.

(f) Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents, investment securities, and accounts receivable. The Association places its cash and cash equivalents with creditworthy, high-quality, financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. At times, a portion of the funds are not insured by the FDIC or related entity.

The Association has significant investments in stocks and bonds and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by the Association and the investments are monitored by the management and Board of Directors of the Association. Though market values of investments are subject to fluctuation on a year-to-year basis, management believes the investments are prudent for the long-term welfare of the Association.

Accounts receivable concentration of credit risk is limited as the Association's customer base is spread throughout the country with no significant balances due from any single entity.

(1) Summary of Significant Accounting Policies, Continued

(g) Property and Equipment

Property and equipment are stated at cost. The Association capitalizes all fixed asset purchases over $1,000 with an estimated life of three years or more. Depreciation on property and equipment is calculated on the straight-line method over a three to five-year estimated useful life. Leasehold improvements are amortized over the life of the office lease, and amortization expense is included with depreciation expense.

(h) Revenue Recognition

Dues from members and journal subscriptions are included as revenue ratably over the term of membership or subscription. Fees and advertising income are recognized in the year in which they are earned. Dues, fees and event sponsorships received but not earned are included in deferred revenue.

(i) Deferred Rent Credits

The Association recognizes rent expense on office space using a straight-line method over the term of the lease. Difference between expense for financial reporting purposes and payments under the terms of the lease are recorded as deferred rent credits.

(j) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) Advertising

FPA uses advertising to promote certain programs and products. The costs of advertising are expensed as incurred. During the years ended May 31, 2008 and 2007, promotional marketing costs totaled $630,718 and $786,844, respectively.

(l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies, Continued

(m) Income Taxes

The Association is exempt from income taxes under Internal Revenue Code Section 501(c)(6). Accordingly, only that income arising from unrelated business sources is subject to income taxes. The Association recorded no taxable income for the year ended May 31, 2008 or 2007.

The Center (note 8) is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, only that income arising from unrelated business sources is subject to income taxes. The Center had no taxable income for the year ended May 31, 2008 or 2007.

At May 31, 2007, FSIC, a taxpaying entity, had accumulated net operating losses for income tax purposes of $719,000. Taxable income for the year ended May 31, 2008 is not anticipated to reduce these loss carryforwards leaving them available to offset future taxable income.

(2) Deposits and Prepaid Expenses

Deposits and prepaid expenses at May 31 consisted of the following:

	2008	2007
Prepaid conference expenses	$ 293,550	287,884
Prepaid *Journal* expenses	29,767	57,453
Prepaid rent and deposits	47,461	47,461
Other prepaid expenses	436,464	211,909
Total	$ 807,242	604,707

(3) Investments

Long term investments at May 31 consisted of the following:

	2008	2007
Fixed income securities and mutual funds invested in debt and fixed income securities	$ 754,541	812,402
Mutual funds invested in equity securities	3,040,616	3,144,129
Total investments	$ 3,795,157	3,956,531

In addition, the Association held money market accounts totaling $1,762,797 and $1,681,560 at May 31, 2008 and 2007, respectively, which are included as short term investments on the financial statements.

(3) Investments, Continued

The Association considers its return on investments to be non-operating income and for the years ended May 31 is summarized as follows:

	2008	2007
Interest and dividend income	$ 289,171	232,861
Net realized and unrealized (loss) gain on investments	(369,333)	487,927
Total investment return	$ (80,162)	720,788

The Association also earned $83,347 and $108,548 on its cash and cash equivalents which is included in operating income in the years ended May 31, 2008 and 2007, respectively.

(4) Deferred Revenue

Deferred revenue at May 31 consisted of the following:

	2008	2007
Unearned dues	4,410,557	4,213,849
Unearned exhibitor/sponsor/registration fees	2,019,182	1,259,173
Unearned subscriptions	65,623	72,929
Unearned advertising	152,810	167,176
Other deferred revenue	75,975	37,789
Total	$ 6,724,147	5,750,916

(5) Leases

The Association rents office space and equipment under non-cancelable operating leases which extend as late as August 31, 2011. Future minimum lease payments are as follows:

Fiscal year ending May 31:

2009	$ 456,537
2010	425,493
2011	279,264
2012	38,183
Total minimum lease payments	$ 1,199,477

Total expense for operating leases for the year ended May 31, 2008 was $352,202 for office space and $69,270 for equipment. Expense for the year ended May 31, 2007 was $361,772 for office space and $56,522 for equipment.

(6) Employee Benefit Plans

During 2000, the Association adopted a tax deferred employee profit sharing plan (the Plan) under the provisions of Internal Revenue Code Section 401(k). Eligible employees may elect to defer compensation up to the statutory limit. The Association matches 50% of employee contributions on behalf of each participant, contributing up to 6% of employee compensation. In addition, the Association contributes a percentage of employees' wages into the Plan as determined by the Board of Directors.

For the years ended May 31, 2008 and 2007, pension expense totaled $597,002 and $415,017, respectively.

(7) Related Party Transactions

Foundation for Financial Planning

The Foundation for Financial Planning (FFP) is an educational foundation aligned with the interests of the Association. The Association is reimbursed periodically for expenses incurred on behalf of FFP. These expenses totaled $195,405 and $183,607 for the years ended May 31, 2008 and 2007, respectively. At May 31, 2008 and 2007, FFP had payables to the Association amounting to $44,110 and $14,317, respectively, relating to services performed in the year ended May 31, 2008 and 2007.

FFP granted $230,291 to the Center during the year ended May 31, 2008. An additional $135,900 has been conditionally granted to the Center but not recorded because the conditions were not met at May 31, 2008.

Chapters

The Association paid $1,228,546 and $1,245,714 of national membership dues to local chapters as part of its chapter reimbursement program in the years ended May 31, 2008 and 2007, respectively.

(8) The National Financial Planning Support Center

The National Financial Planning Support Center is a Colorado nonprofit corporation formed to administer funds raised for educational purposes and other charitable purposes. During the year ended May 31, 2008, the Center received a total of $245,291 in restricted grants. The Center expended $216,552 for the restricted purposes of those grants and other grants received in prior years. During the year ended May 31, 2007, the Center received $15,000 in restricted grants, and expended $276,809 for the restricted purposes of that grant and other grants received in prior years.

A grant of $135,900 was promised to the Center by the Foundation for Financial Planning conditioned upon the expenditure of grants previously made to the Center by FFP. At May 31, 2008, previous grants from FFP had not been fully spent and as such, the grant of $135,900 has not been recorded.

The activities of the Center have been included in the Association's financial statements. Unspent grant funds are considered restricted and are included in temporarily restricted net assets at May 31, 2008.

(9) Website Development Costs

During the year ended May 31, 2007, the Association began work on the redevelopment of its website. At May 31, 2008 and 2007, development costs totaling $746,814 and $158,147 had been capitalized, respectively. Because the redevelopment was not completed during the year, amortization of these costs had not begun at May 31, 2008. The website was completed and placed into service during July 2008.

The Financial Planning Association
And Subsidiaries
Supplemental Consolidating Statement of Financial Position
May 31, 2008

Assets	The Financial Planning Association	The Financial Services Information Company	National Financial Planning Support Center	Consolidating and Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	$ 1,610,620	971,153	253,199	-	2,834,972
Short term investments	1,762,797	-	-	-	1,762,797
Receivables, net	308,309	290,965	-	-	599,274
Receivables from related parties	2,185,203		-	(2,185,203)	-
Deposits and prepaid expenses	776,722	29,769	751	-	807,242
Total current assets	6,643,651	1,291,887	253,950	(2,185,203)	6,004,285
Property and equipment:					
Office furniture and equipment	929,733	44,993	-	-	974,726
Software and website development	717,402	1,081,187	-	-	1,798,589
Leasehold improvements	81,889	-	-	-	81,889
	1,729,024	1,126,180	-	-	2,855,204
Less accumulated depreciation	1,267,297	379,124	-	-	1,646,421
Total property and equipment	461,727	747,056	-	-	1,208,783
Long term assets:					
Investments	3,795,157	-	-	-	3,795,157
Investment in subsidiary	8,024	-	-	(8,024)	-
Total long term assets	3,803,181	-	-	(8,024)	3,795,157
Total assets	$ 10,908,559	2,038,943	253,950	(2,193,227)	11,008,225
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and and accrued expenses	$ 1,251,566	54,441	160	-	1,306,167
Intercompany payables	-	2,096,051	89,152	(2,185,203)	-
Accrued benefits, taxes and severance	368,335	-	-	-	368,335
Deferred rent, current	42,590	-	-	-	42,590
Deferred revenue	6,530,406	193,741	-	-	6,724,147
Total current liabilities	8,192,897	2,344,233	89,312	(2,185,203)	8,441,239
Deferred rent, long term	179,098	-	-	-	179,098
Total liabilities	8,371,995	2,344,233	89,312	(2,185,203)	8,620,337
Net assets	2,536,564	(305,290)	164,638	(8,024)	2,387,888
Commitments and contingencies					
Total liabilities and net assets	$ 10,908,559	2,038,943	253,950	(2,193,227)	11,008,225

See accompanying independent auditor's report.

The Financial Planning Association
and Subsidiaries
Supplemental Consolidating Statement of Activities
Year ended May 31, 2008

	The Financial Planning Association	The Financial Services Information Company	National Financial Planning Support Center	Consolidating and Eliminating Entries	Consolidated
Operating Revenue					
Membership, community and research	$ 7,688,467	-	-	-	7,688,467
Institutional membership and sponsorship	951,045	-	-	-	951,045
Corporate mailing lists	42,380	-	-	-	42,380
Product sales and exam processing fees	282,954	-	-	-	282,954
Annnual conference	3,543,140	-	-	-	3,543,140
Other conferences and seminars	1,144,270	-	-	-	1,144,270
Chapter relations	146,550	-	-	-	146,550
Publications and website	134,044	3,033,106	-	(863,525)	2,303,625
Interest and dividends	55,475	26,242	1,630	-	83,347
Miscellaneous	13,556	-	-	-	13,556
Net assets released from restriction	-	-	216,552	-	216,552
Total operating revenue	14,001,881	3,059,348	218,182	(863,525)	16,415,886
Expenses					
Program services:					
Membership, community and research	3,208,297	-	-	(863,525)	2,344,772
Institutional membership	627,454	-	-	-	627,454
Product sales and exam processing	174,518	-	-	-	174,518
Annual convention	2,052,141	-	-	-	2,052,141
Other conferences and seminars	1,120,691	-	-	-	1,120,691
Public relations and communications	816,893	-	-	-	816,893
Government relations	964,536	-	-	-	964,536
Chapter relations	1,983,685	-	-	-	1,983,685
Publications and website	159,349	2,682,774	-	-	2,842,123
National Financial Planning Support Center	-	-	216,552	-	216,552
Total program services	11,107,564	2,682,774	216,552	(863,525)	13,143,365
Supporting services:					
Administration	2,944,241	306,787	60	-	3,251,088
Executive and board	818,318	73,496	-	-	891,814
Total supporting services	3,762,559	380,283	60	-	4,142,902
Total expenses	14,870,123	3,063,057	216,612	(863,525)	17,286,267
Change in unrestricted net assets, operating	(868,242)	(3,709)	1,570	-	(870,381)
Net loss on investments	(80,162)	-	-	-	(80,162)
Change in unrestricted net assets, after net gain on investments	(948,404)	(3,709)	1,570	-	(950,543)
Temporarily restricted contributions net of releases from restrictions	-	-	28,739	-	28,739
Change in net assets	(948,404)	(3,709)	30,309	-	(921,804)
Net assets, beginning of year	3,484,968	(301,581)	134,329	(8,024)	3,309,692
Net assets, end of year	$ 2,536,564	(305,290)	164,638	(8,024)	2,387,888

See accompanying independent auditor's report.