FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

May 31, 2014

CAPINCROUSE LLP
Certified Public Accountants

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6
Supplementary Information	
Independent Auditors' Report on Supplementary Information	11
Consolidating Statement of Financial Position	12
Consolidating Statement of Activities	13

CAPINCROUSE LLP
Certified Public Accountants
www.capincrouse.com 2630 West Belleview Avenue, Suite 270 Littleton, CO 80123 720.283.7326

INDEPENDENT AUDITORS' REPORT

Board of Directors
Financial Planning Association and Subsidiaries
Denver, Colorado

We have audited the accompanying consolidated statement of financial position of the Financial Planning Association and Subsidiaries (collectively, the Association) as of May 31, 2014, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Financial Planning Association and Subsidiaries
Denver, Colorado

Opinion

In our opinion, the consolidated 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, 2014, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Misstatement

As discussed in Note 9, the consolidated financial statements as of and for the year ended May 31, 2013, contained a misstatement. The correction of this misstatement has been recorded as a prior period adjustment. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Littleton, Colorado
October 3, 2014

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statement of Financial Position

May 31, 2014

ASSETS:		
Current assets:		
Cash and cash equivalents	$	1,503,079
Short-term investments		1,484,210
Accounts receivable–net		392,737
Prepaid expenses and other assets		281,370
		3,661,396
Property and equipment–net		890,598
Long-term investments		3,299,692
Total Assets	$	7,851,686
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	$	327,980
Agency liability		129,511
Accrued expenses		313,259
Deferred revenue, current		4,219,756
		4,990,506
Deferred revenue, long-term		106,057
		5,096,563
Net assets:		
Unrestricted:		
Operating		1,864,525
Equity in property and equipment–net		890,598
		2,755,123
Total Liabilities and Net Assets	$	7,851,686

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended May 31, 2014

REVENUE:	
Membership, community and research	$ 5,865,004
Annual conference	1,737,482
Publications and website	715,689
Institutional membership and sponsorship	599,376
Other conferences and seminars	562,990
Chapter relations	171,143
Investment income	180,185
Miscellaneous	62,487
Total Revenue	9,894,356
EXPENSES:	
Program services:	
Membership, community and research	1,812,067
Annual conference	1,315,976
Publications and website	1,119,263
Other conferences and seminars	526,323
Institutional membership	489,553
Government and coalition	473,179
Public relations and communications	369,892
Chapter relations	327,613
Miscellaneous	12,366
	6,446,232
Supporting services:	
Administration	2,515,503
Executive and board	795,617
	3,311,120
Total Expenses	9,757,352
Change in Net Assets	137,004
Net Assets:	
Beginning of year	1,993,493
Prior period adjustment	624,626
As restated	2,618,119
Net Assets, End of Year	$ 2,755,123

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year Ended May 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 137,004
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	185,373
Net realized and unrealized gains on investments	(120,705)
Agency funds received	1,187,023
Agency funds disbursed	(1,057,512)
Change in operating assets and liabilities:	
Accounts receivable–net	(118,859)
Prepaid expenses and other assets	(10,962)
Accounts payable	(290,752)
Accrued expenses	(332,283)
Deferred revenue	345,689
Net Cash Used by Operating Activities	(75,984)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Reinvested interest and dividends	(59,480)
Proceeds from sale of investments	1,200,048
Purchases of property and equipment	(775,548)
Net Cash Provided by Investing Activities	365,020
Net Change in Cash and Cash Equivalents	289,036
Cash and Cash Equivalents, Beginning of Year	1,214,043
Cash and Cash Equivalents, End of Year	$ 1,503,079

See notes to consolidated financial statements

1. NATURE OF ORGANIZATIONS:

The Financial Planning Association (FPA) 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 goal of the Association is to be the community that fosters the value of financial planning and advances the financial planning profession. Chapters of FPA are operated independently and are not included in the consolidated financial statements.

The consolidated financial statements of FPA 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*. The consolidated financial statements also include the National Financial Planning Support Center (the Center), which is a not-for-profit corporation organized to carry out the charitable activities of FPA. Because the Center is under the control of FPA, it is included in these consolidated financial statements.

FPA is operated as a nonprofit organization exempt from federal income taxes under section 501(c)(6) of the Internal Revenue Code (the Code). The Center is also exempt from income taxes under section 501(c)(3) of the Code. FSIC is a taxpaying entity, subject to federal and state income taxes at the applicable corporate rates. The primary source of revenue for FPA is membership fees and sponsorship income. Collectively, the three entities are referred to as the Association.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Association maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. All significant intercompany balances and transactions have been eliminated as part of the consolidation. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of actual currency, demand deposits, checking accounts, and highly liquid investments with original maturities of three months or less. These accounts may, at times, exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due from the performance of services provided to other organizations and individuals. Accounts receivable are reported net of an allowance for doubtful accounts of $8,965 for the year ended May 31, 2014, which is based on past experience and on analysis of the collectability 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.

INVESTMENTS

Investments consist of money market and mutual funds. Investments are carried at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the *Fair Value Topic* of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Unrealized gains or losses in fair value are recognized in the year in which they occur and are reported as investment income on the consolidated statement of activities.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Purchases of long-lived assets in excess of $1,000 with a useful life in excess of three years are capitalized. Depreciation is recorded using the straight-line method over estimated useful lives of three to five years. Leasehold improvements are amortized over the life of the lease.

NET ASSETS

The net assets of the Association have been reported in the following two classes:

Unrestricted net assets are those resources available to support the Association's operations and those resources invested in property and equipment–net.

Temporarily restricted net assets are those resources which are stipulated by donors for various projects and programs. The Association did not have temporarily restricted net assets as of May 31, 2014.

REVENUE AND EXPENSES

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, event sponsorships, and rental income received but not earned are included in deferred revenue.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES
The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs, such as depreciation and salaries, have been allocated among the program services and supporting activities benefited.

ADVERTISING
The Association uses advertising to promote certain programs and products. The costs of advertising are expensed as incurred. During the year ended May 31, 2014, promotional advertising costs totaled $74,107.

UNCERTAIN TAX POSITIONS
The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statement of activities. As of May 31, 2014, the Association had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

The Association is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2011.

3. PROPERTY AND EQUIPMENT–NET:
Property and equipment–net as of May 31, 2014, consist of:

Software and website development costs	$ 2,985,275
Office furniture and equipment	601,829
Leasehold improvements	47,323
	3,634,427
Less accumulated depreciation and amortization	(2,743,829)
	$ 890,598

4. INVESTMENTS:
Investments as of May 31, 2014, consist of:

Short-term investments: cash and money market funds	$ 1,484,210
Long-term investments: equity and fixed income blended mutual fund	3,299,692
	$ 4,783,902

4. INVESTMENTS, continued:

Investment income for the year ended May 31, 2014, consists of:

Interest and dividends	$	59,480
Net realized and unrealized gains		120,705
	$	180,185

5. DEFERRED REVENUE:

Deferred revenue as of May 31, 2014, consists of:

Unearned membership dues	$	3,046,875
Unearned exhibitor, sponsor, and registration fees		845,984
Deferred rent		116,761
Other deferred revenue		316,193
		4,325,813
Less deferred revenue, long-term		(106,057)
Deferred revenue, current	$	4,219,756

6. OPERATING LEASES:

The Association rents office space and equipment under non-cancelable operating leases. The Association also subleases a portion of this office space to a tenant. Gross lease expense for the year ended May 31, 2014, was $397,823, which was off-set by sublease income of $93,270. Future minimum net lease payments are:

Year Ending May 31,		
2015	$	323,925
2016		333,420
2017		298,517
2018		324,123
2019		248,100
	$	1,528,085

7. RETIREMENT PLAN:
The Association has adopted a tax deferred employee profit sharing plan (the Plan) under the provisions of the 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. For the year ended May 31, 2014, 401(k) expense totaled $66,616.

8. RELATED PARTY TRANSACTIONS:
The Association paid $1,187,000 of national membership dues to local chapters as part of its chapter reimbursement program in the year ended May 31, 2014. These amounts meet the criteria and are considered agency transactions. As such, they are not reported in the consolidated statement of activities for the year ended May 31, 2014.

9. PRIOR PERIOD ADJUSTMENT:
The financial statements for the year ended May 31, 2013, reported deferred revenue related to chapter rebates, which meet the criteria for agency transactions. As such, the revenue and expenses related to chapter rebates are not reported on the statement of activities. Therefore, deferred revenue was overstated as of May 31, 2013. The result of the adjustment was an increase to beginning, unrestricted net assets of $624,626 as of May 31, 2013, and an increase of change in unrestricted net assets for the year ended May 31, 2013, of $624,626.

10. SUBSEQUENT EVENTS:
Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

CAPINCROUSE LLP
Certified Public Accountants
www.capincrouse.com 2630 West Belleview Avenue, Suite 270 Littleton, CO 80123 720.283.7326

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors
Financial Planning Association and Subsidiaries
Denver, Colorado

We have audited the consolidated financial statements of the Financial Planning Association and Subsidiaries as of and for the year ended May 31, 2014, and have issued our report thereon dated October 3, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplementary information located on pages 12-13 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Littleton, Colorado
October 3, 2014

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Financial Position

May 31, 2014

	Financial Planning Association	Financial Services Information Company	National Financial Planning Support Center	Eliminations	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 1,063,451	$ 416,446	$ 23,182	$ -	$ 1,503,079
Short-term investments	1,484,210	-	-	-	1,484,210
Accounts receivable–net	297,451	95,286	-	-	392,737
Intercompany receivables	-	927,096	-	(927,096)	-
Prepaid expenses and other assets	270,382	10,988	-	-	281,370
	3,115,494	1,449,816	23,182	(927,096)	3,661,396
Property and equipment–net	887,045	3,553	-	-	890,598
Long-term investments	3,299,692	-	-	-	3,299,692
Total Assets	$ 7,302,231	$ 1,453,369	$ 23,182	$ (927,096)	$ 7,851,686
LIABILITIES AND NET ASSETS:					
Liabilities:					
Current liabilities:					
Accounts payable	$ 327,980	$ -	$ -	$ -	$ 327,980
Agency liability	129,511	-	-	-	129,511
Accrued expenses	313,259	-	-	-	313,259
Intercompany payables	927,096	-	-	(927,096)	-
Deferred revenue, current	4,041,798	177,958	-	-	4,219,756
	5,739,644	177,958	-	(927,096)	4,990,506
Deferred revenue, long-term	106,057	-	-	-	106,057
	5,845,701	177,958	-	(927,096)	5,096,563
Net assets:					
Unrestricted:					
Operating	569,485	1,271,858	23,182	-	1,864,525
Equity in property and equipment–net	887,045	3,553	-	-	890,598
	1,456,530	1,275,411	23,182	-	2,755,123
Total Liabilities and Net Assets	$ 7,302,231	$ 1,453,369	$ 23,182	$ (927,096)	$ 7,851,686

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended May 31, 2014

	Financial Planning Association	Financial Services Information Company	National Financial Planning Support Center	Eliminations	Total
REVENUE:					
Membership, community and research	$ 6,033,770	$ -	$ -	$ (168,766)	$ 5,865,004
Annual conference	1,737,482	-	-	-	1,737,482
Publications and website	115,276	1,443,269	-	(842,856)	715,689
Institutional membership and sponsorship	599,376	-	-	-	599,376
Other conferences and seminars	562,990	-	-	-	562,990
Chapter relations	171,143	-	-	-	171,143
Investment income	180,185	-	-	-	180,185
Miscellaneous	49,941	-	12,546	-	62,487
Total Revenue	9,450,163	1,443,269	12,546	(1,011,622)	9,894,356
EXPENSES:					
Program services:					
Membership, community and research	2,654,923	-	-	(842,856)	1,812,067
Annual conference	1,315,976	-	-	-	1,315,976
Publications and website	30,436	1,088,827	-	-	1,119,263
Other conferences and seminars	526,323	-	-	-	526,323
Institutional membership	489,553	-	-	-	489,553
Government and coalition	473,179	-	-	-	473,179
Public relations and communications	369,892	-	-	-	369,892
Chapter relations	327,613	-	-	-	327,613
Miscellaneous	6,243	-	174,889	(168,766)	12,366
	6,194,138	1,088,827	174,889	(1,011,622)	6,446,232
Supporting services:					
Administration	2,515,037	-	466	-	2,515,503
Executive and board	795,617	-	-	-	795,617
	3,310,654	-	466	-	3,311,120
Total Expenses	9,504,792	1,088,827	175,355	(1,011,622)	9,757,352
Change in Net Assets	(54,629)	354,442	(162,809)	-	137,004
Net Assets:					
Beginning of year	886,533	920,969	185,991	-	1,993,493
Prior period adjustment	624,626	-	-	-	624,626
As restated	1,511,159	920,969	185,991	-	2,618,119
Net Assets, End of Year	$ 1,456,530	$ 1,275,411	$ 23,182	$ -	$ 2,755,123