FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

May 31, 2015 and 2014

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Financial Planning Association and Subsidiaries
Denver, Colorado

We have audited the accompanying consolidated statements of financial position of the Financial Planning Association and Subsidiaries (collectively, the Association) as of May 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years 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 audits. We conducted our audits 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.

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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, 2015 and 2014, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Centennial, Colorado
October 21, 2015

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Financial Position

	May 31, 2015	May 31, 2014
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 1,070,042	$ 1,503,079
Short-term investments	1,587,859	1,484,210
Accounts receivable–net	596,223	392,737
Prepaid expenses and other assets	518,105	281,370
	3,772,229	3,661,396
Property and equipment–net	1,094,051	890,598
Long-term investments	2,872,527	3,299,692
Total Assets	$ 7,738,807	$ 7,851,686
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	$ 458,551	$ 327,980
Agency liability	129,719	129,511
Accrued expenses	202,769	313,259
Deferred revenue, current	4,323,745	4,219,756
	5,114,784	4,990,506
Deferred revenue, long-term	77,600	106,057
	5,192,384	5,096,563
Net assets:		
Unrestricted:		
Operating	1,452,372	1,864,525
Equity in property and equipment–net	1,094,051	890,598
	2,546,423	2,755,123
Total Liabilities and Net Assets	$ 7,738,807	$ 7,851,686

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Activities

	Year Ended May 31, 2015	Year Ended May 31, 2014
REVENUE:		
Membership dues	$ 6,018,152	$ 6,066,650
Sponsorship	1,014,794	988,329
Event registration	987,484	930,754
Fees	709,570	755,232
Advertising	615,457	579,962
Rental income	110,986	93,270
Royalties	161,537	110,955
Product sales	90,532	153,639
Investment income	76,510	180,186
Miscellaneous	11,628	35,379
Total Revenue	9,796,650	9,894,356
EXPENSES:		
Program services	7,349,441	6,446,232
Supporting activity–general and administrative	2,655,909	3,311,120
Total Expenses	10,005,350	9,757,352
Change in Net Assets	(208,700)	137,004
Net Assets, Beginning of Year	2,755,123	2,618,119
Net Assets, End of Year	$ 2,546,423	$ 2,755,123

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended May 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (208,700)	$ 137,004
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	324,041	185,373
Net realized and unrealized gains on investments	17,082	(120,705)
Agency funds received	1,185,532	1,187,023
Agency funds disbursed	(1,185,324)	(1,057,512)
Change in operating assets and liabilities:		
Accounts receivable–net	(203,486)	(118,859)
Prepaid expenses and other assets	(236,735)	(10,962)
Accounts payable	130,571	(290,752)
Accrued expenses	(110,490)	(332,283)
Deferred revenue	75,532	345,689
Net Cash Used by Operating Activities	(211,977)	(75,984)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvested interest and dividends	(93,592)	(59,480)
Proceeds from sale of investments	879,950	1,200,048
Purchase of investments	(479,924)	-
Purchases of property and equipment	(527,494)	(775,548)
Net Cash Provided (Used) by Investing Activities	(221,060)	365,020
Net Change in Cash and Cash Equivalents	(433,037)	289,036
Cash and Cash Equivalents, Beginning of Year	1,503,079	1,214,043
Cash and Cash Equivalents, End of Year	$ 1,070,042	$ 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. During the fiscal year the Center ceased operations and its net assets were consolidated into FPA.

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 years ended May 31, 2015 and 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 statements 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, 2015 and 2014.

REVENUE AND EXPENSES

Membership dues are included as revenue ratably over the term of membership or subscription. All other revenue is recorded when earned, which is when the event occurs or the service or goods have been provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE AND EXPENSES, continued

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.

FUNCTIONAL ALLOCATION OF EXPENSES

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

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 statements of activities. As of May 31, 2015, 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 2012.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform with current year presentation.

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	May 31, 2015	May 31, 2014
Software and website development costs	$ 3,501,260	$ 2,985,275
Office furniture and equipment	613,260	601,829
Leasehold improvements	47,323	47,323
	4,161,843	3,634,427
Less accumulated depreciation and amortization	(3,067,792)	(2,743,829)
	$ 1,094,051	$ 890,598

4. INVESTMENTS:

Investments consist of:

	May 31, 2015	May 31, 2014
Short-term investments–cash and money market funds	$ 1,587,859	$ 1,484,210
Long-term investments–equity and fixed income blended mutual fund	2,872,527	3,299,692
	$ 4,460,386	$ 4,783,902

Investment income consists of:

	Year Ended May 31, 2015	Year Ended May 31, 2014
Interest and dividends	$ 93,592	$ 59,480
Net realized and unrealized gains	(17,082)	120,705
	$ 76,510	$ 180,185

5. DEFERRED REVENUE:

Deferred revenue consists of:

	May 31, 2015	May 31, 2014
Unearned membership dues	$ 3,139,946	$ 3,046,875
Unearned exhibitor, sponsor, and registration fees	892,632	845,984
Deferred rent	106,055	116,761
Other deferred revenue	262,712	316,193
	4,401,345	4,325,813
Less deferred revenue, long-term	(77,600)	(106,057)
Deferred revenue, current	$ 4,323,745	$ 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 years ended May 31, 2015 and 2014, was $392,618 and $397,823, respectively, which was off-set by sublease income of $110,986 and $93,270, respectively. Future minimum net lease payments are:

Year Ending May 31,		
2016	$	333,420
2017		292,789
2018		318,395
2019		248,100
	$	1,192,704

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 years ended May 31, 2015 and 2014, 401(k) expense totaled $57,026 and $66,616, respectively.

8. RELATED PARTY TRANSACTIONS:

The Association paid $1,185,532 and $1,187,000 of national membership dues to local chapters as part of its chapter reimbursement program in the years ended May 31, 2015 and 2014, respectively. These amounts meet the criteria and are considered agency transaction. As such, they are not reported in the consolidated statement of activities for the years ended May 31, 2015 and 2014.

9. 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

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, 2015, and have issued our report thereon dated October 21, 2015, 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 13-15 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

Centennial, Colorado
October 21, 2015

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FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Financial Position

May 31, 2015

	Financial Planning Association	Financial Services Information Company	National Financial Planning Support Center	Eliminations	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 609,847	$ 460,195	$ -	$ -	$ 1,070,042
Short-term investments	1,587,859	-	-	-	1,587,859
Accounts receivable–net	516,583	79,640	-	-	596,223
Intercompany receivables	-	379,965	-	(379,965)	-
Prepaid expenses and other assets	507,522	10,583	-	-	518,105
	3,221,811	930,383	-	(379,965)	3,772,229
Property and equipment–net	1,083,161	10,890	-	-	1,094,051
Long-term investments	2,872,527	-	-	-	2,872,527
Total Assets	$ 7,177,499	$ 941,273	$ -	$ (379,965)	$ 7,738,807
LIABILITIES AND NET ASSETS:					
Liabilities:					
Current liabilities:					
Accounts payable	$ 429,682	$ 28,869	$ -	$ -	$ 458,551
Agency liability	129,719	-	-	-	129,719
Accrued expenses	202,769	-	-	-	202,769
Intercompany payables	379,965	-	-	(379,965)	-
Deferred revenue, current	4,249,043	74,702	-	-	4,323,745
	5,391,178	103,571	-	(379,965)	5,114,784
Deferred revenue, long-term	77,600	-	-	-	77,600
	5,468,778	103,571	-	(379,965)	5,192,384
Net assets:					
Unrestricted:					
Operating	625,560	826,812	-	-	1,452,372
Equity in property and equipment–net	1,083,161	10,890	-	-	1,094,051
	1,708,721	837,702	-	-	2,546,423
Total Liabilities and Net Assets	$ 7,177,499	$ 941,273	$ -	$ (379,965)	$ 7,738,807

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended May 31, 2015

	Financial Planning Association	Financial Services Information Company	National Financial Planning Support Center	Eliminations	Total
REVENUE:					
Membership dues	$ 6,018,152	$ -	$ -	$ -	$ 6,018,152
Sponsorship	1,009,794	5,000	-	-	1,014,794
Event registration	987,484	-	-	-	987,484
Fees	681,339	28,231	-	-	709,570
Advertising	143,388	782,168	-	(310,099)	615,457
Rental income	110,986	-	-	-	110,986
Royalties	94,442	67,095	-	-	161,537
Product sales	89,796	736	-	-	90,532
Investment income	76,510	-	-	-	76,510
Miscellaneous	34,810	-	-	(23,182)	11,628
Total Revenue	9,246,701	883,230	-	(333,281)	9,796,650
EXPENSES:					
Program services	6,338,601	1,320,939	23,182	(333,281)	7,349,441
Supporting activity–general and administrative	2,655,909	-	-	-	2,655,909
Total Expenses	8,994,510	1,320,939	23,182	(333,281)	10,005,350
Change in Net Assets	252,191	(437,709)	(23,182)	-	(208,700)
Net Assets, Beginning of Year	1,456,530	1,275,411	23,182	-	2,755,123
Net Assets, End of Year	$ 1,708,721	$ 837,702	$ -	$ -	$ 2,546,423

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Statement of Functional Expenses

Year Ended May 31, 2015
(with comparative information for the year ended May 31, 2014)

	Program Services	General and Administrative	Total
Salaries and wages	$ 2,123,765	$ 720,620	$ 2,844,385
Conferences and meetings	1,297,884	81,316	1,379,200
Information technology	888,228	319,941	1,208,169
Contract Labor	464,952	384,171	849,123
Office expenses	516,045	325,373	841,418
Advertising and promotion	643,328	-	643,328
Travel	335,489	167,413	502,902
Occupancy	2,746	344,135	346,881
Other employee benefits	266,787	69,072	335,859
Depreciation	252,444	71,596	324,040
Payroll taxes	157,125	45,517	202,642
Lobbying	161,491	-	161,491
Other Expenses	92,620	46,407	139,027
Employer pension contributions	44,858	12,167	57,025
Insurance	24,581	22,705	47,286
Research	46,053	-	46,053
Professional Services	12,491	32,212	44,703
Dues, subscriptions, and awards	18,554	13,264	31,818
	$ 7,349,441	$ 2,655,909	$ 10,005,350
Percent of total expenses	73.5%	26.5%	100.0%
2014			
Total	$ 6,446,232	$ 3,311,120	$ 9,757,352
Percent of total expenses	66.1%	33.9%	100.0%