FINANCIAL PLANNING ASSOCIATION
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

May 31, 2016 and 2015

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
Financial Planning Association and Subsidiary
Denver, Colorado

We have audited the accompanying consolidated statements of financial position of the Financial Planning Association and Subsidiary as of May 31, 2016 and 2015, 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 Subsidiary
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 Subsidiary as of May 31, 2016 and 2015, 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 4, 2016

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Financial Position

	May 31, 2016	May 31, 2015
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 1,384,314	$ 1,070,042
Short-term investments	1,297,867	1,587,859
Accounts receivable–net	496,783	596,223
Prepaid expenses and other assets	554,625	518,105
	3,733,589	3,772,229
Property and equipment–net	913,856	1,094,051
Long-term investments	2,878,308	2,872,527
Total Assets	$ 7,525,753	$ 7,738,807
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	$ 224,235	$ 458,551
Agency liability	158,877	129,719
Accrued expenses	329,817	202,769
Deferred revenue, current	4,434,720	4,323,745
	5,147,649	5,114,784
Deferred revenue, long-term	77,595	77,600
	5,225,244	5,192,384
Net assets:		
Unrestricted:		
Operating	1,386,653	1,452,372
Equity in property and equipment–net	913,856	1,094,051
	2,300,509	2,546,423
Total Liabilities and Net Assets	$ 7,525,753	$ 7,738,807

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Activities

	Year Ended May 31, 2016	Year Ended May 31, 2015
REVENUE:		
Membership dues	$ 6,372,654	$ 6,018,152
Event registration	1,308,705	987,484
Sponsorship	1,099,562	1,014,794
Fees	769,963	709,570
Advertising	531,304	615,457
Rental income	136,402	110,986
Royalties and other income	272,026	340,207
Total Revenue	10,490,616	9,796,650
EXPENSES:		
Program services	8,038,440	7,349,441
Supporting activity–general and administrative	2,698,090	2,655,909
Total Expenses	10,736,530	10,005,350
Change in Net Assets	(245,914)	(208,700)
Net Assets, Beginning of Year	2,546,423	2,755,123
Net Assets, End of Year	$ 2,300,509	$ 2,546,423

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended May 31, 2016	Year Ended May 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (245,914)	$ (208,700)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	471,325	324,041
Net realized and unrealized losses on investments	23,055	17,082
Agency funds received	1,026,800	1,185,532
Agency funds disbursed	(997,642)	(1,185,324)
Change in operating assets and liabilities:		
Accounts receivable–net	99,440	(203,486)
Prepaid expenses and other assets	(36,520)	(236,735)
Accounts payable	(234,316)	130,571
Accrued expenses	127,048	(110,490)
Deferred revenue	110,970	75,532
Net Cash Provided (Used) by Operating Activities	344,246	(211,977)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvested interest and dividends	(38,869)	(93,592)
Proceeds from sale of investments	300,000	879,950
Purchase of investments	25	(479,924)
Purchases of property and equipment	(291,130)	(527,494)
Net Cash Used by Investing Activities	(29,974)	(221,060)
Net Change in Cash and Cash Equivalents	314,272	(433,037)
Cash and Cash Equivalents, Beginning of Year	1,070,042	1,503,079
Cash and Cash Equivalents, End of Year	$ 1,384,314	$ 1,070,042

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

May 31, 2016 and 2015

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 and the International Association for Financial Planning, Inc. 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 these 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.*

   FPA is operated as a nonprofit organization exempt from federal income taxes under section 501(c)(6) of the Internal Revenue Code (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 two 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.

   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, 2016 and 2015, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 included within other 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 as unrestricted net assets which are those resources available to support the Association's operations and those resources invested in property and equipment–net.

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.

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, 2016, 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 2013.

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	May 31, 2016	May 31, 2015
Software and website development costs	$ 3,735,756	$ 3,501,260
Office furniture and equipment	669,972	613,260
Leasehold improvements	47,323	47,323
	4,453,051	4,161,843
Less accumulated depreciation and amortization	(3,539,195)	(3,067,792)
	$ 913,856	$ 1,094,051

4. INVESTMENTS:

Investments consist of:

	May 31, 2016	May 31, 2015
Short-term investments–cash and money market funds	$ 1,297,867	$ 1,587,859
Long-term investments–equity and fixed income blended mutual fund	2,878,308	2,872,527
	$ 4,176,175	$ 4,460,386

Investment income consists of:

	Year Ended May 31, 2016	Year Ended May 31, 2015
Interest and dividends	$ 38,869	$ 93,592
Net realized and unrealized losses	(23,055)	(17,082)
	$ 15,814	$ 76,510

5. DEFERRED REVENUE:

Deferred revenue consists of:

	May 31, 2016	May 31, 2015
Unearned membership dues	$ 3,339,580	$ 3,139,946
Unearned exhibitor, sponsor, and registration fees	822,486	892,632
Deferred rent	77,595	106,055
Other deferred revenue	272,654	262,712
	4,512,315	4,401,345
Less deferred revenue, long-term	(77,595)	(77,600)
Deferred revenue, current	$ 4,434,720	$ 4,323,745

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, 2016 and 2015, was $404,988 and $392,618, respectively, which was off-set by sublease income of $136,402 and $110,986, respectively. Future minimum net lease payments are:

Year Ending May 31,	
2017	$ 293,923
2018	355,259
2019	277,194
	$ 926,376

7. RETIREMENT PLAN:

The Association has adopted a tax deferred employee profit sharing 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, 2016 and 2015, 401(k) expense totaled $85,099 and $57,026, respectively.

8. RELATED PARTY TRANSACTIONS:

The Association paid $1,026,800 and $1,185,532 of national membership dues to local chapters as part of its chapter reimbursement program in the years ended May 31, 2016 and 2015, respectively. These amounts meet the criteria and are considered agency transactions. As such, they are not reported in the consolidated statements of activities for the years ended May 31, 2016 and 2015.

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 Subsidiary
Denver, Colorado

We have audited the consolidated financial statements of the Financial Planning Association and Subsidiary as of and for the year ended May 31, 2016, and have issued our report thereon dated October 4, 2016, 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 12-14 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 4, 2016

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FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidating Statement of Financial Position

May 31, 2016

	Financial Planning Association	Financial Services Information Company	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 982,251	$ 402,063	$ -	$ 1,384,314
Short-term investments	1,297,867	-	-	1,297,867
Accounts receivable–net	427,772	69,011	-	496,783
Intercompany receivables	-	357,956	(357,956)	-
Prepaid expenses and other assets	542,992	11,633	-	554,625
	3,250,882	840,663	(357,956)	3,733,589
Property and equipment–net	903,934	9,922	-	913,856
Long-term investments	2,878,308	-	-	2,878,308
Total Assets	$ 7,033,124	$ 850,585	$ (357,956)	$ 7,525,753
LIABILITIES AND NET ASSETS:				
Liabilities:				
Current liabilities:				
Accounts payable	$ 197,562	$ 26,673	$ -	$ 224,235
Agency liability	158,877	-	-	158,877
Accrued expenses	329,817	-	-	329,817
Intercompany payables	357,956	-	(357,956)	-
Deferred revenue, current	4,372,454	62,266	-	4,434,720
	5,416,666	88,939	(357,956)	5,147,649
Deferred revenue, long-term	77,595	-	-	77,595
	5,494,261	88,939	(357,956)	5,225,244
Net assets:				
Unrestricted:				
Operating	634,929	751,724	-	1,386,653
Equity in property and equipment–net	903,934	9,922	-	913,856
	1,538,863	761,646	-	2,300,509
Total Liabilities and Net Assets	$ 7,033,124	$ 850,585	$ (357,956)	$ 7,525,753

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended May 31, 2016

	Financial Planning Association	Financial Services Information Company	Eliminations	Total
REVENUE:				
Membership dues	$ 6,372,654	$ -	$ -	$ 6,372,654
Event registration	1,308,705	-	-	1,308,705
Sponsorship	1,094,562	5,000	-	1,099,562
Fees	748,915	21,048	-	769,963
Advertising	145,901	768,109	(382,706)	531,304
Rental income	136,402	-	-	136,402
Royalties and other income	202,994	69,032	-	272,026
Total Revenue	10,010,133	863,189	(382,706)	10,490,616
EXPENSES:				
Program services	7,481,901	939,245	(382,706)	8,038,440
Supporting activity– general and administrative	2,698,090	-	-	2,698,090
Total Expenses	10,179,991	939,245	(382,706)	10,736,530
Change in Net Assets	(169,858)	(76,056)	-	(245,914)
Net Assets, Beginning of Year	1,708,721	837,702	-	2,546,423
Net Assets, End of Year	$ 1,538,863	$ 761,646	$ -	$ 2,300,509

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Statement of Functional Expenses

Year Ended May 31, 2016
(with comparative information for the year ended May 31, 2015)

	Program Services	General and Administrative	Total
Salaries and wages	$ 2,206,435	$ 746,389	$ 2,952,824
Conferences and meetings	1,835,345	100,323	1,935,668
Contract labor	894,901	235,626	1,130,527
Office expenses	535,838	340,779	876,617
Information technology	425,148	393,796	818,944
Travel	377,806	152,192	529,998
Advertising and promotion	514,195	-	514,195
Depreciation	368,148	103,177	471,325
Other expenses	242,220	155,794	398,014
Occupancy	2,748	369,190	371,938
Other employee benefits	261,756	57,279	319,035
Lobbying	211,913	-	211,913
Payroll taxes	161,987	43,545	205,532
	$ 8,038,440	$ 2,698,090	$ 10,736,530
Percent of total expenses	74.9%	25.1%	100.0%
2015:			
Total expenses	$ 7,349,441	$ 2,655,909	$ 10,005,350
Percent of total expenses	73.5%	26.5%	100.0%