FINANCIAL PLANNING ASSOCIATION
AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditors' Report

May 31, 2017 and 2016

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 (collectively, the Association) as of May 31, 2017 and 2016, 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 Association'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 Association'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, 2017 and 2016, 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 10, 2017

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Financial Position

	May 31, 2017	May 31, 2016
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 2,005,718	$ 1,384,314
Short-term investments	1,876,776	1,297,867
Accounts receivable–net	243,572	496,783
Prepaid expenses and other assets	624,088	554,625
	4,750,154	3,733,589
Property and equipment–net	540,439	913,856
Long-term investments	2,489,001	2,878,308
Total Assets	$ 7,779,594	$ 7,525,753
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	$ 290,075	$ 224,235
Agency liability	169,681	158,877
Accrued expenses	211,297	329,817
Deferred revenue, current	4,524,915	4,434,720
	5,195,968	5,147,649
Deferred revenue, long-term	44,658	77,595
	5,240,626	5,225,244
Net assets:		
Unrestricted:		
Operating	1,998,529	1,386,653
Equity in property and equipment–net	540,439	913,856
	2,538,968	2,300,509
Total Liabilities and Net Assets	$ 7,779,594	$ 7,525,753

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Activities

	Year Ended May 31, 2017	Year Ended May 31, 2016
REVENUE:		
Membership dues	$ 6,953,484	$ 6,372,654
Sponsorship	1,249,613	1,099,562
Event registration	1,163,620	1,308,705
Fees	649,712	769,963
Advertising	265,256	531,304
Investment income	189,612	15,814
Rental income	46,286	136,402
Royalties and other income	161,378	256,212
Total Revenue	10,678,961	10,490,616
EXPENSES:		
Program services	7,666,147	8,038,440
Supporting activity–general and administrative	2,774,355	2,698,090
Total Expenses	10,440,502	10,736,530
Change in Net Assets	238,459	(245,914)
Net Assets, Beginning of Year	2,300,509	2,546,423
Net Assets, End of Year	$ 2,538,968	$ 2,300,509

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended May 31, 2017	Year Ended May 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 238,459	$ (245,914)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	493,443	471,325
Net realized and unrealized losses (gains) on investments	(127,671)	23,055
Agency funds received	248,950	1,026,800
Agency funds disbursed	(238,146)	(997,642)
Change in operating assets and liabilities:		
Accounts receivable–net	253,211	99,440
Prepaid expenses and other assets	(69,463)	(36,520)
Accounts payable	65,840	(234,316)
Accrued expenses	(118,520)	127,048
Deferred revenue	57,258	110,970
Net Cash Provided by Operating Activities	803,361	344,246
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvested interest and dividends	(61,941)	(38,869)
Proceeds from sale of investments	1,702,575	300,000
Purchases of investments	(1,702,565)	25
Purchases of property and equipment	(120,026)	(291,130)
Net Cash Used by Investing Activities	(181,957)	(29,974)
Net Change in Cash and Cash Equivalents	621,404	314,272
Cash and Cash Equivalents, Beginning of Year	1,384,314	1,070,042
Cash and Cash Equivalents, End of Year	$ 2,005,718	$ 1,384,314

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 and the International Association for Financial Planning, Inc. Collectively, the two entities are referred to as the Association. 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 a nonprofit organization that is exempt from income taxes under section 501(c)(6) of the Internal Revenue Code (the Code) and comparable state laws. However, FPA is subject to federal income tax on any unrelated business taxable income. FSIC is a taxpaying entity, subject to federal and state income taxes at the applicable corporate rates. In addition, FPA and FSIC are not classified as private foundations within the meaning of Section 509(c) of the Code. The primary sources of revenue for FPA are membership fees and sponsorship income.

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, and checking accounts. 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 $0 and $8,965 as of May 31, 2017 and 2016, respectively, 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.

RECLASSIFICATIONS

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

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	May 31, 2017	May 31, 2016
Software and website development costs	$ 3,807,947	$ 3,735,756
Office furniture and equipment	717,807	669,972
Leasehold improvements	47,323	47,323
	4,573,077	4,453,051
Less accumulated depreciation and amortization	(4,032,638)	(3,539,195)
	$ 540,439	$ 913,856

4. INVESTMENTS:

Investments consist of:

	May 31, 2017	May 31, 2016
Short-term investments–cash and money market funds	$ 1,876,776	$ 1,297,867
Long-term investments–equity and fixed income blended mutual fund	2,489,001	2,878,308
	$ 4,365,777	$ 4,176,175

Investment income consists of:

	Year Ended May 31, 2017	Year Ended May 31, 2016
Interest and dividends	$ 61,941	$ 38,869
Net realized and unrealized gains (losses)	127,671	(23,055)
	$ 189,612	$ 15,814

5. DEFERRED REVENUE:

Deferred revenue consists of:

	May 31, 2017	May 31, 2016
Unearned membership dues	$ 3,493,924	$ 3,339,580
Unearned exhibitor, sponsor, and registration fees	641,764	822,486
Deferred rent	91,792	77,595
Other deferred revenue	342,093	272,654
	4,569,573	4,512,315
Less deferred revenue, long-term	(44,658)	(77,595)
Deferred revenue, current	$ 4,524,915	$ 4,434,720

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, 2017 and 2016, was $313,804 and $404,988, respectively, which was off-set by sublease income of $46,286 and $136,402, respectively. Future minimum net lease payments are:

Year Ending May 31,	
2018	$ 297,281
2019	242,271
2020	8,449
	$ 548,001

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, 2017 and 2016, 401(k) expense totaled $84,091 and $85,099, respectively.

8. RELATED PARTY TRANSACTIONS:

The Association paid $2,111,591 and $2,193,841 of national membership dues to local chapters as part of its chapter reimbursement program in the years ended May 31, 2017 and 2016, 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, 2017 and 2016.

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 10, 2017, which is the date the consolidated financial statements were available to be issued.

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, 2017, and have issued our report thereon dated October 10, 2017, 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 10, 2017

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FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidating Statement of Financial Position

May 31, 2017

	Financial Planning Association	Financial Services Information Company	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 1,817,419	$ 188,299	$ -	$ 2,005,718
Short-term investments	1,876,776	-	-	1,876,776
Accounts receivable–net	226,689	16,883	-	243,572
Intercompany receivables	-	498,099	(498,099)	-
Prepaid expenses and other assets	605,830	18,258	-	624,088
	4,526,714	721,539	(498,099)	4,750,154
Property and equipment–net	536,114	4,325	-	540,439
Long-term investments	2,489,001	-	-	2,489,001
Total Assets	$ 7,551,829	$ 725,864	$ (498,099)	$ 7,779,594
LIABILITIES AND NET ASSETS:				
Liabilities:				
Current liabilities:				
Accounts payable	$ 271,446	$ 18,629	$ -	$ 290,075
Agency liability	169,681	-	-	169,681
Accrued expenses	211,297	-	-	211,297
Intercompany payables	498,099	-	(498,099)	-
Deferred revenue, current	4,464,383	60,532	-	4,524,915
	5,614,906	79,161	(498,099)	5,195,968
Deferred revenue, long-term	44,658	-	-	44,658
	5,659,564	79,161	(498,099)	5,240,626
Net assets:				
Unrestricted:				
Operating	1,356,151	642,378	-	1,998,529
Equity in property and equipment–net	536,114	4,325	-	540,439
	1,892,265	646,703	-	2,538,968
Total Liabilities and Net Assets	$ 7,551,829	$ 725,864	$ (498,099)	$ 7,779,594

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended May 31, 2017

	Financial Planning Association	Financial Services Information Company	Eliminations	Total
REVENUE:				
Membership dues	$ 6,953,484	$ -	$ -	$ 6,953,484
Sponsorship	1,249,613	-	-	1,249,613
Event registration	1,163,620	-	-	1,163,620
Fees	631,552	18,160	-	649,712
Advertising	64,129	642,180	(441,053)	265,256
Investment income	189,612	-	-	189,612
Rental income	46,286	-	-	46,286
Royalties and other income	124,437	36,941	-	161,378
Total Revenue	10,422,733	697,281	(441,053)	10,678,961
EXPENSES:				
Program services	7,294,976	812,224	(441,053)	7,666,147
Supporting activity– general and administrative	2,774,355	-	-	2,774,355
Total Expenses	10,069,331	812,224	(441,053)	10,440,502
Change in Net Assets	353,402	(114,943)	-	238,459
Net Assets, Beginning of Year	1,538,863	761,646	-	2,300,509
Net Assets, End of Year	$ 1,892,265	$ 646,703	$ -	$ 2,538,968

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARY

Consolidating Statement of Functional Expenses

Year Ended May 31, 2017
(with comparative information for the year ended May 31, 2016)

	Program Services	General and Administrative	Total
Salaries and wages	$ 2,336,467	$ 749,955	$ 3,086,422
Conferences and meetings	1,570,932	103,604	1,674,536
Contract labor	958,666	600,356	1,559,022
Office expenses	433,970	354,173	788,143
Information technology	387,475	181,253	568,728
Travel	358,277	159,205	517,482
Depreciation	410,376	83,067	493,443
Advertising and promotion	447,467	-	447,467
Other expenses	185,410	175,013	360,423
Other employee benefits	259,338	41,128	300,466
Occupancy	1,506	287,540	289,046
Payroll taxes	171,267	39,061	210,328
Lobbying	144,996	-	144,996
	$ 7,666,147	$ 2,774,355	$ 10,440,502
Percent of total expenses	73.4%	26.6%	100.0%
2016:			
Total expenses	$ 8,038,440	$ 2,698,090	$ 10,736,530
Percent of total expenses	74.9%	25.1%	100.0%