FPA
FINANCIAL
PLANNING
ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

May 31, 2013 and 2012

CAPINCROUSE LLP
Certified Public Accountants

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Table of Contents

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 statements of financial position of the Financial Planning Association and Subsidiaries (collectively, the Association) as of May 31, 2013 and 2012, 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 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.

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, 2013 and 2012, and the changes in its 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

Littleton, Colorado
October 3, 2013

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Financial Position

	May 31, 2013	May 31, 2012
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 1,214,043	$ 1,533,301
Short-term investments	2,623,923	2,520,408
Accounts receivable–net	273,878	327,485
Prepaid expenses and other assets	270,408	452,194
	4,382,252	4,833,388
Property and equipment–net	300,423	271,471
Long-term investments	3,179,842	2,842,628
Total Assets	$ 7,862,517	$ 7,947,487
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	$ 618,732	$ 521,739
Accrued expenses	645,542	409,592
Deferred revenue	4,490,980	4,585,396
	5,755,254	5,516,727
Deferred rent, long-term	113,770	100,728
	5,869,024	5,617,455
Net assets:		
Unrestricted	1,993,493	2,275,375
Temporarily restricted	-	54,657
	1,993,493	2,330,032
Total Liabilities and Net Assets	$ 7,862,517	$ 7,947,487

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Activities

	For the Year Ended May 31, 2013	2012
OPERATING:		
REVENUE:		
Membership, community and research	$ 6,017,200	$ 6,283,775
Institutional membership and sponsorship	650,484	509,467
Corporate mailing lists	8,503	19,379
Product sales and exam processing fees	43,813	64,896
Annual conference	1,896,829	2,481,686
Other conferences and seminars	713,181	747,182
Chapter relations	153,259	146,573
Publications and website	849,978	1,178,698
Miscellaneous	121,497	19,013
Net assets released from restrictions	54,657	29,419
Total Revenue	10,509,401	11,480,088
EXPENSES:		
Program services:		
Membership, community and research	1,716,782	1,740,633
Institutional membership	550,115	419,699
Product sales and processing	43,510	89,276
Annual conference	1,381,065	1,583,031
Other conferences and seminars	624,359	713,602
Public relations and communications	448,418	535,042
Government and coalition	645,965	732,116
Chapter relations	336,567	388,235
Publications and website	1,353,566	1,721,249
National Financial Planning Support Center	158,227	126,478
	7,258,574	8,049,361
Supporting services:		
Administration	2,588,022	2,640,156
Executive and board	749,738	749,012
	3,337,760	3,389,168
Total Expenses	10,596,334	11,438,529
Change in Net Assets From Operations	(86,933)	41,559

(continued)

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Activities
(continued)

	For the Year Ended May 31,	
	2013	2012
NON-OPERATING:		
Branding initiative expenses	-	(94,199)
Transition expenses	(690,336)	-
Organizational review	-	(123,352)
Investment income (loss)	440,730	(178,015)
Temporarily restricted contributions net of releases from restrictions	-	54,657
Change in Net Assets From Non-Operating Activities	(249,606)	(340,909)
Change in Net Assets	(336,539)	(299,350)
Net Assets, Beginning of Year	2,330,032	2,629,382
Net Assets, End of Year	$ 1,993,493	$ 2,330,032

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Year Ended May 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (336,539)	$ (299,350)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	136,799	248,166
Realized and unrealized (gains) losses on investments	(349,823)	276,715
Change in operating assets and liabilities:		
Accounts receivable	53,607	55,670
Prepaid expenses and other assets	181,786	71,838
Accounts payable	96,993	(81,604)
Accrued expenses	235,950	(218,933)
Deferred revenue	(94,416)	(872,581)
Deferred rent	13,042	69,525
Net Cash Used by Operating Activities	(62,601)	(750,554)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends reinvested	(90,906)	(98,700)
Purchases of furniture and equipment	(165,751)	(196,041)
Net Cash Used by Investing Activities	(256,657)	(294,741)
Net Change in Cash and Cash Equivalents	(319,258)	(1,045,295)
Cash and Cash Equivalents, Beginning of Year	1,533,301	2,578,596
Cash and Cash Equivalents, End of Year	$ 1,214,043	$ 1,533,301

See notes to consolidated financial statements

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

May 31, 2013 and 2012

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 years ending May 31, 2013 and 2012, 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 funds 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 consolidated statements of activities in the year in which they occur.

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 include those resources used to support the Association's operations and expended for property and equipment, net of any related debt.

Temporarily restricted net assets include donor restricted contributions for various projects and programs.

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 and event sponsorships 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 statements 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 years ended May 31, 2013 and 2012, promotional advertising costs totaled $89,870 and $159,903, respectively.

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, 2013, the Association had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

FPA's Federal Return of Organization Exempt from Income Tax Form 990 and Exempt Organization Business Income Tax Return Form 990T for the years ended December 31, 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed. The Center's Federal Return of Organization Exempt from Income Tax Form 990 for the years ended December 31, 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	May 31, 2013	May 31, 2012
Office furniture and equipment	$ 882,045	$ 889,453
Software and website development costs	2,159,772	2,104,072
Leasehold improvements	87,606	105,967
	3,129,423	3,099,492
Accumulated depreciation and amortization	(2,887,095)	(2,828,021)
	242,328	271,471
Work-in-progress	58,095	-
	$ 300,423	$ 271,471

4. INVESTMENTS:

Investments consist of:

	May 31, 2013	May 31, 2012
Short-term investments:		
Cash and money market funds	$ 2,623,923	$ 2,520,408
Long-term investments:		
Equity mutual funds:		
Large cap equity blend fund	-	417,867
Large cap equity growth fund	-	506,512
Large cap equity value fund	-	222,724
International large cap blend fund	-	246,922
Small cap equity value fund	-	167,900
Small cap equity growth fund	-	89,861
International mid cap equity growth fund	-	83,009
	-	1,734,795
Fixed income mutual funds:		
Intermediate-term bond fund	-	460,703
US Treasury bond fund	-	243,369
International bond fund	-	231,396
	-	935,468
Other mutual funds:		
Equity and fixed income blended fund	3,179,842	-
International currency fund	-	89,293
Real estate investment trust fund	-	83,072
	3,179,842	172,365
Total long-term investments	3,179,842	2,842,628
	$ 5,803,765	$ 5,363,036

4. INVESTMENTS, continued:

Investment income consists of:

	Year Ended May 31, 2013	Year Ended May 31, 2012
Interest and dividends	$ 90,907	$ 98,700
Net realized and unrealized gains (losses)	349,823	(276,715)
	$ 440,730	$ (178,015)

5. DEFERRED REVENUE:

Deferred revenue consists of:

	May 31, 2013	May 31, 2012
Unearned membership dues	$ 3,718,637	$ 3,964,185
Unearned exhibitor, sponsor and registration fees	569,639	420,073
Other deferred revenue	202,704	201,138
	$ 4,490,980	$ 4,585,396

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, 2013 and 2012, was $430,415 and $409,165, respectively, which was off-set by sublease income of $3,292 and $0, respectively. Future minimum net lease payments are:

Year Ending May 31,	
2014	$ 306,165
2015	289,556
2016	299,052
2017	264,149
2018	318,395
Thereafter	248,100
	$ 1,725,417

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, 2013 and 2012, 401(k) expense totaled $125,864 and $89,028, respectively. In addition, the Association contributes a percentage of employees' wages into the plan as determined by the board of directors.

8. RELATED PARTY TRANSACTIONS:

The Association paid $1,232,031 and $1,305,858 of national membership dues to local chapters as part of its chapter reimbursement program in the years ended May 31, 2013 and 2012, respectively.

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
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, 2013, and have issued our report thereon dated October 3, 2013, 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 14-15 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

Littleton, Colorado
October 3, 2013

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Financial Position

May 31, 2013

	Financial Planning Association	Financial Services Information Company	National Financial Planning Support Center	Eliminations	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 732,094	$ 362,292	$ 119,657	$ -	$ 1,214,043
Short-term investments	2,623,923	-	-	-	2,623,923
Accounts receivable–net	194,950	78,928	-	-	273,878
Intercompany receivables	-	600,424	66,334	(666,758)	-
Prepaid expenses and other assets	263,473	6,935	-	-	270,408
	3,814,440	1,048,579	185,991	(666,758)	4,382,252
Property and equipment–net	298,135	2,288	-	-	300,423
Long-term investments	3,179,842	-	-	-	3,179,842
Total Assets	$ 7,292,417	$ 1,050,867	$ 185,991	$ (666,758)	$ 7,862,517
LIABILITIES AND NET ASSETS:					
Current liabilities:					
Accounts payable	$ 609,472	$ 9,260	$ -	$ -	$ 618,732
Accrued expenses	641,160	4,382	-	-	645,542
Intercompany payables	666,758	-	-	(666,758)	-
Deferred rent, current	-	-	-	-	-
Deferred revenue	4,374,724	116,256	-	-	4,490,980
	6,292,114	129,898	-	(666,758)	5,755,254
Deferred rent, long-term	113,770	-	-	-	113,770
	6,405,884	129,898	-	(666,758)	5,869,024
Net assets:					
Unrestricted	886,533	920,969	185,991	-	1,993,493
Temporarily restricted	-	-	-	-	-
	886,533	920,969	185,991	-	1,993,493
Total Liabilities and Net Assets	$ 7,292,417	$ 1,050,867	$ 185,991	$ (666,758)	$ 7,862,517

FINANCIAL PLANNING ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended May 31, 2013

	Financial Planning Association	Financial Services Information Company	National Financial Planning Support Center	Eliminations	Total
OPERATING:					
REVENUE:					
Membership, community and research	$ 6,017,200	$ -	$ -	$ -	$ 6,017,200
Institutional membership and sponsorship	650,484	-	-	-	650,484
Corporate mailing lists	8,503	-	-	-	8,503
Product sales and exam processing fees	43,813	-	-	-	43,813
Annual conference	1,896,829	-	-	-	1,896,829
Other conferences and seminars	713,181	-	-	-	713,181
Chapter relations	153,259	-	-	-	153,259
Publications and website	138,547	1,099,813	-	(388,382)	849,978
Miscellaneous	4,053	4,106	113,338	-	121,497
Net assets released from restrictions	-	-	149,797	(95,140)	54,657
Total Revenue	9,625,869	1,103,919	263,135	(483,522)	10,509,401
EXPENSES:					
Program services:					
Membership, community and research	2,105,164	-	-	(388,382)	1,716,782
Institutional membership	550,115	-	-	-	550,115
Product sales and processing	43,510	-	-	-	43,510
Annual conference	1,381,065	-	-	-	1,381,065
Other conferences and seminars	624,359	-	-	-	624,359
Public relations and communications	448,418	-	-	-	448,418
Government and coalition	645,965	-	-	-	645,965
Chapter relations	336,567	-	-	-	336,567
Publications and website	361,826	991,740	-	-	1,353,566
National Financial Planning Support Center	-	-	158,227	-	158,227
	6,496,989	991,740	158,227	(388,382)	7,258,574
Supporting services:					
Administration	2,587,696	-	326	-	2,588,022
Executive and board	749,738	-	-	-	749,738
	3,337,434	-	326	-	3,337,760
Total Expenses	9,834,423	991,740	158,553	(388,382)	10,596,334
Change in Net Assets From Operations	(208,554)	112,179	104,582	(95,140)	(86,933)
NON-OPERATING:					
Transition expense	(690,336)	-	-	-	(690,336)
Grant to National Financial Planning Support Center	(95,140)	-	-	95,140	-
Investment income	440,730	-	-	-	440,730
Change in Net Assets From Non-Operating Activities	(344,746)	-	-	95,140	(249,606)
Change in Net Assets	(553,300)	112,179	104,582	-	(336,539)
Net Assets, Beginning of Year	1,439,833	808,790	81,409	-	2,330,032
Net Assets, End of Year	$ 886,533	$ 920,969	$ 185,991	$ -	$ 1,993,493