The Financial Planning Association
And Subsidiaries

Financial Statements and Supplementary Information
For the years ended May 31, 2006 and 2005

(With Independent Auditor's Report Thereon)

Independent Auditor's Report

Board of Directors
The Financial Planning Association:

We have audited the accompanying statements of financial position of the Financial Planning Association and Subsidiaries (the Association) as of May 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary consolidating information included in Schedules 1 and 2 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

July 21, 2006

The Financial Planning Association
and Subsidiaries
Consolidated Statements of Financial Position
For the years ended May 31, 2006 and 2005

		2006	2005
Assets			
Current assets:			
Cash and cash equivalents	$	3,063,454	1,327,705
Short term investments		1,602,820	2,503,837
Receivables, net of allowance for doubtful accounts of $43,458		435,895	310,250
Deposits and prepaid expenses (note 2)		536,785	536,120
Total current assets		5,638,954	4,677,912
Property and equipment:			
Office furniture and equipment		771,757	631,637
Software and website development costs		929,030	913,715
Leasehold improvements		73,257	56,668
		1,774,044	1,602,020
Less accumulated depreciation and amortization		1,106,419	830,423
Total property and equipment		667,625	771,597
Long term assets:			
Investments (note 3)		3,314,507	2,846,565
Total assets	$	9,621,086	8,296,074
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	1,153,678	925,271
Accrued benefits, taxes and severance		308,797	372,659
Deferred revenue (note 4)		5,391,269	5,198,469
Total current liabilities		6,853,744	6,496,399
Deferred rent, long term		252,407	242,284
Total liabilities		7,106,151	6,738,683
Net assets:			
Unrestricted		2,128,343	1,255,022
Temporarily restricted (note 8)		386,592	302,369
Total net assets		2,514,935	1,557,391
Commitments and contingencies (notes 5, 6, 9, and 10)			
Total liabilities and net assets	$	9,621,086	8,296,074

See accompanying notes to financial statements.

The Financial Planning Association
and Subsidiaries
Consolidated Statements of Activities
For the years ended May 31, 2006 and 2005

		2006	2005
Operating Revenue:			
Membership, community and research	$	6,982,097	6,603,647
Institutional membership and sponsorship		869,909	998,389
Corporate mailing lists		96,468	107,977
Product sales and exam processing fees		632,501	563,891
Annnual conference		3,146,394	2,511,222
Other conferences and educational seminars		1,008,702	683,904
Chapter relations		73,900	43,501
Publications and website		2,068,714	1,653,342
Interest and dividends		47,475	14,001
Miscellaneous		-	41,290
Released from restrictions (note 8)		305,692	184,167
Total operating revenue		15,231,852	13,405,331
Expenses:			
Program services:			
Membership, community and research		2,021,301	1,862,231
Institutional membership		615,557	773,705
Corporate mailing lists		7,456	8,259
Product sales and exam processing		425,470	285,525
Annual conference		1,647,454	1,548,236
Other conferences and educational seminars		834,732	898,405
Public relations and communications		637,282	740,114
Government relations		740,028	887,475
Chapter relations		1,555,260	1,597,485
Publications and website		2,402,871	1,915,412
National Financial Planning Support Center (note 8)		305,692	184,167
Total program expenses		11,193,103	10,701,014
Supporting services:			
Administration		2,774,381	2,818,739
Executive and board		817,570	723,946
Total supporting services		3,591,951	3,542,685
Total operating expenses		14,785,054	14,243,699
Change in unrestricted net assets, operating		446,798	(838,368)
Conference cancellation costs (note 10)		(100,000)	-
Consolidation of offices (note 9)		-	(525,271)
Net gain on investments (note 3)		541,951	363,243
Change in unrestricted net assets		888,749	(1,000,396)
Temporarily restricted contributions net of releases from restrictions (note 8)		68,795	182,801
Change in net assets		957,544	(817,595)
Net assets, beginning of year		1,557,391	2,374,986
Net assets, end of year	$	2,514,935	1,557,391

See accompanying notes to financial statements.

The Financial Planning Association
and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended May 31, 2006 and 2005

		2006	2005
Cash flows from operating activities:			
Membership services	$	7,300,424	6,826,243
Corporate membership		917,018	795,681
Corporate mailing lists		105,563	94,878
Product sales and exam processing fees		623,204	563,891
Success Forum		2,855,740	2,752,379
Other conferences and seminars		990,830	728,421
Chapter relations		73,900	43,501
Publications and website		2,077,969	1,569,874
Interest and dividends		237,190	131,179
Grants		374,487	366,968
Miscellaneous income		-	109,860
Cash paid to suppliers and employees		(14,433,864)	(14,482,470)
Net cash used by operating activities		1,122,461	(499,595)
Cash flows from investing activities:			
Net withdrawal from investments		975,026	750,000
Dividends reinvested		(189,715)	(117,178)
Acquisitions of property and equipment		(172,023)	(249,002)
Net cash used by investing activities		613,288	383,820
Net increase in cash and cash equivalents		1,735,749	(115,775)
Cash and cash equivalents at beginning of period		1,327,705	1,443,480
Cash and cash equivalents at end of period	$	3,063,454	1,327,705
Reconciliation of change in net assets to net cash provided by operating activities:			
Change in net assets, after net gain on investments	$	957,544	(817,595)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		275,995	312,747
Loss on disposal of assets		-	43,016
Realized and unrealized gains on investments		(352,236)	(246,065)
Decrease (increase) in:			
Receivables		(125,645)	7,351
Prepaid expenses and other assets		(665)	(183,784)
Increase in:			
Accounts payable, grants payable, accrued vacation, and accrued expenses		164,545	130
Deferred rent credits		10,123	100,290
Deferred revenue		192,800	284,315
Net cash used by operating activities	$	1,122,461	(499,595)

See accompanying notes to financial statements.

The Financial Planning Association

Notes to Financial Statements

For the years ended May 31, 2006 and 2005

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(1) Summary of Significant Accounting Policies

(a) Organization and Principles of Consolidation

The Financial Planning Association (the Association) 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 aim of the Association is to be the community that fosters the value of financial planning and advances the financial planning profession. The Association maintains offices in Denver and Washington D.C.

The financial statements of the Association 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* and hosts the web site for the Association.

In addition, the National Financial Planning Support Center (the Center) is a not-for-profit corporation organized to carry out the charitable activities of the Association. Because the Center is under the control of the Association, it is included in these financial statements.

All significant inter-company balances and transactions have been eliminated.

Chapters of the Association are operated independently and are not included in the consolidated financial statements.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Association had no permanently restricted net assets at May 31, 2006 or 2005.

(1) Summary of Significant Accounting Policies, Continued

(d) Cash and Cash Equivalents

For financial statement purposes, the Association considers all highly liquid investments with a maturity of three months or less when purchased, and which are not held by outside investment managers as part of an investment portfolio, to be cash equivalents. Money market funds held as a part of the Association's investment portfolio are not considered to be cash equivalents for purposes of the statement of cash flows and are depicted as short term investments in the financial statements.

(e) Accounts Receivable

Accounts receivable represent amounts due resulting from the performance of services provided to other organizations and individuals. The allowance for doubtful accounts is based on past experience and on analysis of the collectibility 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.

(f) Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents, investment securities, and accounts receivable. The Association places its cash and cash equivalents with creditworthy, high-quality, financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. At times, a portion of the funds are not insured by the FDIC or related entity.

The Association has significant investments in stocks and bonds and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by the Association and the investments are monitored by the management and Board of Directors of the Association. Though market values of investments are subject to fluctuation on a year-to-year basis, management believes the investments are prudent for the long-term welfare of the Association.

Accounts receivable concentration of credit risk is limited as the Association's customer base is spread throughout the country with no significant balances due from any single entity.

(1) Summary of Significant Accounting Policies, Continued

(g) Property and Equipment

Property and equipment are stated at cost. The Association capitalizes all fixed asset purchases over $1,000 with an estimated life of three years or more. Depreciation on property and equipment is calculated on the straight-line method over a three to five-year estimated useful life. Leasehold improvements are amortized over the life of the office lease, and amortization expense is included with depreciation expense.

(h) Revenue Recognition

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 subscriptions received but not earned are included in deferred revenue.

(i) Deferred Rent Credits

The Association recognizes rent expense on office space using a straight-line method over the term of the lease. Difference between expense for financial reporting purposes and payments under the terms of the lease are recorded as deferred rent credits (note 5).

(j) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) Advertising

FPA uses advertising to promote certain programs and products. The costs of advertising are expensed as incurred. During the years ended May 31, 2006 and 2005, promotional marketing costs totaled $688,429 and $574,247, respectively.

(l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies, Continued

(m) Income Taxes

The Association is exempt from income taxes under Internal Revenue Code Section 501(c)(6). Accordingly, only that income arising from unrelated business sources is subject to income taxes. The Association had no taxable income for the year ended May 31, 2006 or 2005.

The Center (note 8) is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, only that income arising from unrelated business sources is subject to income taxes. The Center had no taxable income for the year ended May 31, 2006 or 2005.

At May 31, 2005, FSIC, a taxpaying entity, had accumulated net operating losses for income tax purposes, exceeding $1,200,000, which are available to offset future taxable income. Any additional losses for the year ended May 31, 2006, are anticipated to be negligible for tax purposes.

(2) Deposits and Prepaid Expenses

Deposits and prepaid expenses at May 31 consisted of the following:

	2006	2005
Prepaid conference expenses	$ 131,577	217,375
Prepaid *Journal* expenses	66,208	64,613
Prepaid rent and deposits	47,461	42,739
Other prepaid expenses	291,539	211,393
Total	$ 536,785	536,120

(3) Investments

Long term investments at May 31 consisted of the following:

	2006	2005
Government securities	$ 149,889	152,602
Corporate bonds	74,941	100,009
Index funds	325,918	282,111
Mutual funds invested in equity securities	2,763,759	2,311,843
Total investments	$ 3,314,507	2,846,565

In addition, the Association held money market accounts totaling $1,602,820 and $2,503,837 at May 31, 2006 and 2005, respectively, which are included as short term investments on the financial statements.

(3) Investments, Continued

The Association considers its return on investments to be non-operating income and for the years ended May 31 is summarized as follows:

	2006	2005
Interest and dividend income	$ 189,715	117,178
Net realized and unrealized gains on investments	352,236	246,065
Total investment return	$ 541,951	363,243

The Association also earned $47,475 and $14,001 on its cash and cash equivalents which is include in operating income in the years ended May 31, 2006 and 2005, respectively.

(4) Deferred Revenue

Deferred revenue at May 31 consisted of the following:

	2006	2005
Unearned dues	4,007,419	3,822,108
Unearned exhibitor/sponsor fees	996,544	1,154,909
Unearned registrations	63,780	66,922
Unearned subscriptions	62,837	65,448
Unearned advertising	162,186	89,082
Other deferred revenue	98,503	-
Total	$ 5,391,269	5,198,469

(5) Leases

The Association rents office space and equipment under non-cancelable operating leases which extend as late as August 31, 2011. Future minimum lease payments are as follows:

Fiscal year ending May 31:

2007	$ 401,154
2008	395,517
2009	407,473
2010	371,700
2011	263,916
Thereafter	448,999
Total minimum lease payments	$ 2,288,759

Total expense for operating leases for the year ended May 31, 2006 was $330,805 for office space and $57,792 for equipment. Expense for the year ended May 31, 2005 was $407,769 for office space and $55,178 for equipment.

(6) Employee Benefit Plans

During 2000, the Association adopted a tax deferred employee profit sharing plan (the Plan) under the provisions of Internal Revenue Code Section 401(k). Eligible employees may elect to defer up to 12% of their compensation. The Association matches 50% of employee contributions on behalf of each participant. In addition, the Association contributes a percentage of employees' wages into the Plan as determined by the Board of Directors.

For the years ended May 31, 2006 and 2005, pension expense totaled $395,309 and $411,359, respectively.

(7) Related Party Transactions

Foundation for Financial Planning

The Foundation for Financial Planning (the Foundation) is an educational foundation aligned with the interests of the Association. The Association is reimbursed periodically for expenses incurred on behalf of the Foundation. These expenses totaled $173,334 and $180,225 for the years ended May 31, 2006 and 2005, respectively. At May 31, 2006, the Foundation had payables to the Association amounting to $13,706 relating to services performed in the year ended May 31, 2006. The Foundation granted $265,488 (net of $80,377 of prior year's grant refunded) and $252,468 to the National Financial Planning Support Center (note 8) during the years ended May 31, 2006 and 2005, respectively.

Chapters

The Association paid $1,181,140 and $1,165,245 of national membership dues to local chapters as part of its chapter reimbursement program in the years ended May 31, 2006 and 2005, respectively.

(8) The National Financial Planning Support Center

The National Financial Planning Support Center (formerly the Institute of Certified Financial Planners Educational Foundation) is a Colorado nonprofit corporation formed to administer funds raised for educational purposes and other charitable purposes. During the year ended May 31, 2006, the Center received $374,488 in restricted grants, net of a refunded grant amounting to $80,377, and expended $305,692 for their restricted purpose. During the year ended May 31, 2005, the Center received $366,968 in restricted grants and expended $184,167 for their restricted purpose. The activities of the Center have been included in the Association's financial statements. Unspent grant funds are considered restricted and are included in temporarily restricted net assets at May 31, 2006.

(9) Consolidation of Offices

In November, 2003, the Board of Directors approved a plan to consolidate the association headquarters in Denver, closing the Atlanta office. The consolidation of offices was completed in the year ended May 31, 2005. The total costs involved with the consolidation of the office amounted to $735,000. In accordance with Statement of Financial Accounting Standards (SFAS) No. 146, *Accounting for Costs Associated with Exit or Disposal Activities,* costs of the consolidation were recorded for the year ended May 31, 2005 amounting to $525,271. These costs are reflected as a non-operating component of net income on the statement of activities for the year ended May 31, 2005.

(10) Conference Cancellation Costs

The Association holds a conference annually, and makes various deposits and commitments to hotels and other vendors involved in the conference. The conference planned for September 2006, was scheduled for New Orleans. Because of damage caused by hurricanes in 2005, the conference was rescheduled for Nashville, and contracts with hotels in New Orleans were cancelled. Because the contracts require that the hotels mitigate any damages, the actual cost to cancel the contracts will not be completely determined until after the New Orleans conference was scheduled to be held. These costs have been estimated at $100,000 and are reflected as a non-operating cost on the statement of activities for the year ended May 31, 2006, and are included in accounts payable and accrued expenses on the statement of financial position at May 31, 2006.

The Financial Planning Association
And Subsidiaries
Supplemental Consolidating Statement of Financial Position
May 31, 2006

		The Financial Planning Association	The Financial Services Information Company	National Financial Planning Support Center	Consolidating and Eliminating Entries	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$	2,281,508	355,869	426,077	-	3,063,454
Short term investments		1,602,820	-	-	-	1,602,820
Receivables, net		180,231	255,664	-	-	435,895
Receivables from related parties		1,280,673	-	-	(1,280,673)	-
Deposits and prepaid expenses		469,277	66,208	1,300	-	536,785
Total current assets		5,814,509	677,741	427,377	(1,280,673)	5,638,954
Property and equipment:						
Office furniture and equipment		731,891	39,866	-	-	771,757
Software and website development		595,470	333,560	-	-	929,030
Leasehold improvements		73,257	-	-	-	73,257
		1,400,618	373,426	-	-	1,774,044
Less accumulated depreciation		742,133	364,286	-	-	1,106,419
Total property and equipment		658,485	9,140	-	-	667,625
Long term assets:						
Investments		3,314,507	-	-	-	3,314,507
Investment in subsidiary		8,024	-	-	(8,024)	-
Total long term assets		3,322,531	-	-	(8,024)	3,314,507
Total assets	$	9,795,525	686,881	427,377	(1,288,697)	9,621,086
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and and accrued expenses	$	1,141,287	11,764	627	-	1,153,678
Intercompany payables		-	1,257,365	23,308	(1,280,673)	-
Accrued benefits, taxes and severance		308,797	-	-	-	308,797
Deferred revenue		5,200,650	190,619	-	-	5,391,269
Total current liabilities		6,650,734	1,459,748	23,935	(1,280,673)	6,853,744
Deferred rent, long term		252,407	-	-	-	252,407
Total liabilities		6,903,141	1,459,748	23,935	(1,280,673)	7,106,151
Net assets		2,892,384	(772,867)	403,442	(8,024)	2,514,935
Commitments and contingencies						
Total liabilities and net assets	$	9,795,525	686,881	427,377	(1,288,697)	9,621,086

See accompanying independent auditor's report.

The Financial Planning Association
and Subsidiaries
Supplemental Consolidating Statement of Activities
For the year ended May 31, 2006

	The Financial Planning Association	The Financial Services Information Company	National Financial Planning Support Center	Consolidating and Eliminating Entries	Consolidated
Operating Revenue					
Membership, community and research	$ 6,982,097	-	-	-	6,982,097
Institutional membership and sponsorship	869,909	-	-	-	869,909
Corporate mailing lists	96,468	-	-	-	96,468
Product sales and exam processing fees	632,501	-	-	-	632,501
Annnual conference	3,146,394	-	-	-	3,146,394
Other conferences and educational seminars	1,008,702	-	-	-	1,008,702
Chapter relations	73,900	-	-	-	73,900
Publications and website	-	2,884,109	-	(815,395)	2,068,714
Interest and dividends	33,254	6,805	7,416	-	47,475
Net assets released from restriction	-	-	305,692	-	305,692
Total operating revenue	12,843,225	2,890,914	313,108	(815,395)	15,231,852
Expenses					
Program services:					
Membership, community and research	2,836,696	-	-	(815,395)	2,021,301
Institutional membership	615,557	-	-	-	615,557
Corporate mailing lists	7,456	-	-	-	7,456
Product sales and exam processing	425,470	-	-	-	425,470
Annual convention	1,647,454	-	-	-	1,647,454
Other conferences and educational seminars	834,732	-	-	-	834,732
Public relations and communications	637,282	-	-	-	637,282
Government relations	740,028	-	-	-	740,028
Chapter relations	1,555,260	-	-	-	1,555,260
Publications and website		2,402,871	-	-	2,402,871
National Financial Planning Support Center		-	305,692	-	305,692
Total program services	9,299,935	2,402,871	305,692	(815,395)	11,193,103
Supporting services:					
Administration	2,367,638	406,743	-	-	2,774,381
Executive and board	741,255	76,315	-	-	817,570
Total supporting services	3,108,893	483,058	-	-	3,591,951
Total expenses	12,408,828	2,885,929	305,692	(815,395)	14,785,054
Change in unrestricted net assets, operating	434,397	4,985	7,416	-	446,798
Conference cancellation costs	(100,000)	-	-	-	(100,000)
Net gain on investments	541,951	-	-	-	541,951
Change in unrestricted net assets, after net gain on investments	876,348	4,985	7,416	-	888,749
Temporarily restricted contributions net of releases from restrictions	-	-	68,795	-	68,795
Change in net assets	876,348	4,985	76,211	-	957,544
Net assets, beginning of year	2,016,036	(777,852)	327,231	(8,024)	1,557,391
Net assets, end of year	$ 2,892,384	(772,867)	403,442	(8,024)	2,514,935

See accompanying independent auditor's report.