

FOUNDATION FOR FINANCIAL PLANNING, INC.

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016
with
INDEPENDENT AUDITORS' REPORT

FOUNDATION FOR FINANCIAL PLANNING, INC.
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December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Foundation for Financial Planning, Inc.

We have audited the accompanying financial statements of the Foundation for Financial Planning, Inc. ("the Foundation") which comprises the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the 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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Reed, Quinn & McClure, LLC

Lawrenceville, Georgia
November 2, 2018

FOUNDATION FOR FINANCIAL PLANNING, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
Cash and cash equivalents	\$ 472,874	\$ 204,210
Investments	20,857,787	18,819,701
Unconditional promises to give	1,820,814	1,905,275
Prepaid expense	12,545	4,290
Computer equipment and software, net	16,536	5,918
Total assets	\$ 23,180,556	\$ 20,939,394
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable	\$ 377,144	\$ 272,604
Accounts payable and accrued liabilities	74,122	61,705
	451,266	334,309
NET ASSETS		
Unrestricted	21,490,606	19,274,402
Temporarily restricted	1,238,684	1,330,683
Total net assets	22,729,290	20,605,085
Total liabilities and net assets	\$ 23,180,556	\$ 20,939,394

The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR FINANCIAL PLANNING, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND SUPPORT						
Contributions	\$ 381,140	\$ 756,230	\$ 1,137,370	\$ 269,954	\$ 449,002	\$ 718,956
Advertising - donated	-	226,700	226,700	-	366,440	366,440
Special events	45,500	-	45,500	38,455	-	38,455
Investment income	2,472,963	-	2,472,963	1,541,915	-	1,541,915
Other income	-	-	-	(1,733)	-	(1,733)
Total revenues and support	<u>2,899,603</u>	<u>982,930</u>	<u>3,882,533</u>	<u>1,848,591</u>	<u>815,442</u>	<u>2,664,033</u>
Net assets released from restrictions	<u>1,074,929</u>	<u>(1,074,929)</u>	<u>-</u>	<u>607,488</u>	<u>(607,488)</u>	<u>-</u>
EXPENSES						
Program services:						
Grants	495,585	-	495,585	347,634	-	347,634
Other services	729,107	-	729,107	847,535	-	847,535
Total program services	1,224,692	-	1,224,692	1,195,169	-	1,195,169
General and administrative	64,120	-	64,120	75,021	-	75,021
Advertising - donated	359,600	-	359,600	66,440	-	66,440
Fund raising	109,916	-	109,916	144,470	-	144,470
Total expenses	<u>1,758,328</u>	<u>-</u>	<u>1,758,328</u>	<u>1,481,100</u>	<u>-</u>	<u>1,481,100</u>
Change in Net Assets	2,216,204	(91,999)	2,124,205	974,979	207,954	1,182,933
Net assets - beginning of year	<u>19,274,402</u>	<u>1,330,683</u>	<u>20,605,085</u>	<u>18,299,423</u>	<u>1,122,729</u>	<u>19,422,152</u>
Net assets - end of year	<u>\$ 21,490,606</u>	<u>\$ 1,238,684</u>	<u>\$ 22,729,290</u>	<u>\$ 19,274,402</u>	<u>\$ 1,330,683</u>	<u>\$ 20,605,085</u>

The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR FINANCIAL PLANNING, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
INCREASE (DECREASE) IN CASH

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 2,124,205	\$ 1,182,933
Adjustments necessary to reconcile increase in net assets to cash provided by operating activities:		
Non-cash contributions	(291,824)	(423,134)
Non-cash expense	368,150	66,440
Depreciation	2,541	1,661
Loss on disposal of furnishings and equipment	-	1,734
Net realized and unrealized (gains)losses on investments	(1,984,243)	(1,137,819)
(Increase) Decrease in promises to give	(65,539)	106,279
(Increase) Decrease in prepaid expenses	295	(4,290)
Increase (Decrease) in accounts payable	12,417	61,705
Increase (Decrease) in grants payable	104,540	98,474
Net cash provided by operating activities	270,542	(46,017)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	500,000	700,000
Purchases of investments	(488,719)	(673,748)
Purchases of equipment	(13,159)	(6,032)
Net cash provided(used) from investing activities	(1,878)	20,220
Net increase(decrease) in cash	268,664	(25,797)
Cash - beginning of year	204,210	230,007
Cash - end of year	\$ 472,874	\$ 204,210
Supplemental information		
Income recognized - noncash		
In Kind contributions	\$ 226,700	\$ 366,440
Donated securities	65,124	56,694
Total income from noncash sources	\$ 291,824	\$ 423,134
Expenses recognized - noncash		
Online services	8,550	-
Advertising expense	359,600	66,440
Total non cash expense	\$ 368,150	\$ 66,440

The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR FINANCIAL PLANNING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation for Financial Planning Inc. (the Foundation) is a not-for-profit financial educational organization. The Foundation is committed to helping people take control of their financial lives by connecting the financial planning community with people in need. The financial statements of the Foundation have been prepared on the accrual basis of accounting to meet the needs of donors, creditors, and others who provide financial resources to the Foundation. The significant accounting policies followed are described below:

Financial Statement Presentation

The Foundation reports 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. Currently, the Foundation has no permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The donor's restriction must be a specific purpose restriction or a specific time restriction. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor restriction. The reclassification is referred to on the statement of activities as net assets released from restriction.

Contributions of Non-monetary Assets, including Services

Contributions of non-monetary assets are recorded at fair value at the date of receipt, including contributions of services that can be measured by the creation or enhancement of a non-financial asset. Fair value is based on quoted market prices or other objective valuation techniques. Donated services received that create or enhance non-financial assets or require specialized skills which would need to be purchased, if not donated, are recognized as in-kind contributions at their fair value.

Functional Allocation of Expenses

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

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It is not a private foundation.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and cash on deposit with banks. The Foundation considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents, except money market funds held as part of the Foundation's investment portfolio. Such funds are not considered to be cash equivalents for purposes of the statement of cash flows.

FOUNDATION FOR FINANCIAL PLANNING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments are stated at fair market value if such value is readily determinable (Level 1). Donated investments are included as contribution income based on the estimated fair market value as of the date of the gift. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Promises to Give

Promises to give are recorded at their net realizable value based on Level 3 inputs (See Note 3). Promises to give received after one year are discounted at an appropriate discount rate based on management's estimate of the risks involved. Amortization of the discount is recorded annually as additional contribution revenue. The Foundation uses the allowance method to determine estimated uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over useful lives. Repairs and maintenance costs that do not substantially extend the expected useful lives are expensed as incurred.

Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The Foundation estimated the fair values of its financial instruments based on quoted market prices (Level 1) for investments. The determination of estimated fair value amounts for specific groups of financial instruments are presented within the applicable footnotes. Cash and cash equivalents are stated at cost, which approximates fair value, due to short-term maturity. (See Note 3).

Advertising

The Foundation uses advertising to promote its programs among the audiences it serves. The Foundation received free advertising pages in several leading publication in the financial advisor market. The value of the donations and advertising expenses were recognized as incurred. The Foundation also received a commitment of free advertising in 2016 for a total of \$300,000 for the years ending December 31, 2017 and 2018, the balance of which is included in temporarily restricted net assets. Advertising revenue for the year ended December 31, 2017 and 2016, was \$209,600 and \$366,440, respectively. Advertising expense for the year ended December 31, 2017 and 2016, was \$359,600 and \$66,440.

FOUNDATION FOR FINANCIAL PLANNING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Event

In preparing these financial statements the Foundation has evaluated events and transactions for potential recognition or disclosure through November 2, 2018, the date the financial statements were available to be issued. All such transactions have been recognized, if appropriate.

2. CONCENTRATIONS

Unconditional promises to give

At December 31, 2017 two corporate donors represented 27% of promises to give. At December 31, 2016, three donors represented 39% of promises to give. There were no concentrations in contribution revenue in 2017 and 2016.

Credit Risk

The Foundation maintains its cash balances in accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2017 and 2016, the Foundation had balances in excess of the FDIC limits of approximately \$200,155 and \$0, respectively.

Market Risk

The Foundation also invests funds in a professionally managed portfolio that contains various securities detailed in Note 4. The portfolio includes professionally managed funds that invest in common stocks, mutual funds and exchange traded funds, which are reported at their estimated fair value as determined by fund managers. Management believes the fund manager's estimates to be reasonable approximations of the fair values of these investments. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least possible that changes in these risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

3. FAIR VALUE MEASUREMENTS

Current accounting standards have established a fair value hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value; however, the level of fair value of each financial asset or liability presented below is based on the lower significant input level within this fair value hierarchy.

Fair value measurements based on Level 1 inputs: Measurements that are most observable are based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

FOUNDATION FOR FINANCIAL PLANNING, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 2017 and 2016

3. FAIR VALUE MEASUREMENTS - Continued

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements may consider puts that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. The fair value of promises to give is considered a Level 3 input (See Note 5).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4. INVESTMENTS

Investments consisted of the following:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 406,748	\$ 332,585
Mutual Funds	<u>16,548,717</u>	<u>15,131,336</u>
At cost	16,955,465	15,463,921
unrealized gain (loss)	<u>3,902,322</u>	<u>3,355,780</u>
	<u>\$ 20,857,787</u>	<u>\$ 18,819,701</u>

Investment income consisted of the following:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 527,477	\$ 440,082
Realized and unrealized gain (loss)	1,984,243	1,137,818
Brokerage fees	<u>(38,757)</u>	<u>(35,985)</u>
	<u>\$ 2,472,963</u>	<u>\$ 1,541,915</u>

FOUNDATION FOR FINANCIAL PLANNING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2017 and 2016

5. PROMISES TO GIVE

Unconditional promises to give consisted of the following:

	2017	2016
Promises to give, due in one year	\$ 900,990	\$ 899,726
Promises to give, due after one year	1,088,684	1,180,684
Total promises to give	1,989,674	2,080,410
Unamortized discount	(58,480)	(121,723)
Allowance for uncollectible promises to give	(110,380)	(53,412)
	\$ 1,820,814	\$ 1,905,275

The Foundation's risk free rate of return is 2% for calculating the discount rate.
Future amounts due on promises to give follow:

2018	\$ 900,990
2019	552,223
2020	340,969
2021	107,892
2022	52,100
Thereafter	35,500
	\$ 1,989,674

6. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017 and 2016, the Foundation's temporarily restricted net assets consisted of:

	2017	2016
Donated advertising	\$ 150,000	\$ 300,000
Promises to give - long term	1,088,684	1,030,683
	\$ 1,238,684	\$ 1,330,683
Amounts released from restrictions:	2017	2016
Advertising	\$ 150,000	\$ 58,348
Promises to give	924,929	975,365
	\$ 1,074,929	\$ 1,033,713

FOUNDATION FOR FINANCIAL PLANNING, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2017 and 2016

7. GRANTS

The Foundation grants funds to organizations with programs promoting and providing pro bono financial planning and financial life skills education. Once approved by the Board of Directors, the grant is deemed a liability since the likelihood that it will not be paid is extremely remote. For the years ended December 31, 2017 and 2016, the Foundation provided grants of \$495,585 and \$347,634, respectively, to other organizations.

8. DEFINED CONTRIBUTION PLAN

The employees of the Foundation are leased from TriNet Passport (“TriNet”) in order to manage its employment obligations and risk. TriNet has a multiple employer defined contribution retirement plan. The Foundation contributes 4% of each employee’s salary which is vested in accordance with the plan documents. At December 31, 2017 and 2016, the foundation contributed \$16,020 and \$16,320 into the plan.

9. FAIR VALUE OF ASSETS

The following tables represent the Foundation’s assets measured at fair value on a recurring basis at December 31, 2017 and 2016:

2017	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 472,874	\$ -	\$ -	\$ 472,874
Investments	20,857,787	-	-	20,857,787
Promises to given, net	-	-	1,820,814	1,820,814
	<u>\$ 21,330,661</u>	<u>\$ -</u>	<u>\$ 1,820,814</u>	<u>\$ 23,151,475</u>
2016	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 204,210	\$ -	\$ -	\$ 204,210
Investments	18,819,701	-	-	18,819,701
Promises to given, net	-	-	1,905,275	1,905,275
	<u>\$ 19,023,911</u>	<u>\$ -</u>	<u>\$ 1,905,275</u>	<u>\$ 20,929,186</u>

The table below sets forth a summary of the changes in the fair value of the Foundation’s Level 3 financial assets for the year ended September 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Promises to give fair value January 1,	\$ 1,905,275	\$ 1,711,554
Additions and receipts, net	(149,721)	231,857
Change in discounts and allowance	63,243	(40,152)
	<u>\$ 1,820,814</u>	<u>\$ 1,905,275</u>