

**SOCIETY OF FINANCIAL SERVICE  
PROFESSIONALS AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Society of Financial Service Professionals  
Foundation for Financial Service Professionals  
Newtown Square, Pennsylvania

We have audited the accompanying combined financial statements of Society of Financial Service Professionals and Affiliate (a nonprofit organization), which comprise the combined statements of financial position as of September 30, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended and the related notes to the combined financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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  
Society of Financial Service Professionals  
Foundation for Financial Service Professionals

***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Society of Financial Service Professionals and Affiliate as of September 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
March 20, 2018

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 144,131	\$ 479,435
Investments	1,923,664	1,760,978
Accrued Investment Income	8,649	7,655
Accounts Receivable	31,105	19,471
Current Portion of Pledges Receivable	14,205	26,197
Prepaid Expenses	149,881	141,292
Total Current Assets	2,271,635	2,435,028
<b>OTHER ASSETS</b>		
Property and Equipment, Net of Accumulated Depreciation of \$135,227 and \$427,063, Respectively	88,070	112,524
Pledges Receivable Due After One Year	12,425	23,220
Deferred Taxes	33,384	33,384
Cash Surrender Value, Life Insurance	294,954	277,420
Total Other Assets	428,833	446,548
Total Assets	\$ 2,700,468	\$ 2,881,576
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 57,957	\$ 68,947
Line of Credit	80,000	-
Employee Withholding	3,441	3,901
Accrued Expenses	34,269	4,230
Accrued Vacation	28,376	31,563
Chapter Dues Payable	176,923	157,669
Deferred Rent	70,165	76,292
Deferred Income	1,093,251	1,267,731
Total Current Liabilities	1,544,382	1,610,333
<b>NET ASSETS</b>		
Unrestricted and Undesignated Net Assets	524,313	586,613
Board Designated Net Assets	192,839	235,314
Total Unrestricted Net Assets	717,152	821,927
Temporarily Restricted	239,211	249,593
Permanently Restricted	199,723	199,723
Total Net Assets	1,156,086	1,271,243
Total Liabilities and Net Assets	\$ 2,700,468	\$ 2,881,576

See accompanying Notes to Combined Financial Statements.

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**COMBINED STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2017**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUE</b>				
Unrestricted Revenues and Gains:				
Dues and Member Services	\$ 2,590,824	\$ -	\$ -	\$ 2,590,824
Continuing Education	161,109	-	-	161,109
Journal	113,110	-	-	113,110
Publications	-	-	-	-
Corporate Sponsorship	100,871	-	-	100,871
Contributions	57,304	2,100	-	59,404
Loss on Disposal of Fixed Assets	(729)	-	-	(729)
Investment Income	52,497	11,613	-	64,110
Net Realized and Unrealized Gain on Investments	130,552	29,262	-	159,814
Subtotal	<u>3,205,538</u>	<u>42,975</u>	<u>-</u>	<u>3,248,513</u>
<b>NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS</b>				
	<u>53,357</u>	<u>(53,357)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	3,258,895	(10,382)	-	3,248,513
<b>OPERATING EXPENSES</b>				
Program Services:				
Member and Chapter Activities	1,527,333	-	-	1,527,333
Advertising and Public Relations Activities	258,042	-	-	258,042
Continuing Education	727,709	-	-	727,709
Journal	394,831	-	-	394,831
Corporate Sponsorship	311,980	-	-	311,980
Honorariums and Awards	14,000	-	-	14,000
Special Projects	48,837	-	-	48,837
Total Program Services Expenses	<u>3,282,732</u>	<u>-</u>	<u>-</u>	<u>3,282,732</u>
Supporting Services:				
Administrative and Corporate	77,037	-	-	77,037
Fundraising	3,901	-	-	3,901
Total Operating Expenses	<u>3,363,670</u>	<u>-</u>	<u>-</u>	<u>3,363,670</u>
<b>CHANGE IN NET ASSETS</b>	(104,775)	(10,382)	-	(115,157)
Net Assets - Beginning of Year	<u>821,927</u>	<u>249,593</u>	<u>199,723</u>	<u>1,271,243</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 717,152</u>	<u>\$ 239,211</u>	<u>\$ 199,723</u>	<u>\$ 1,156,086</u>

See accompanying Notes to Combined Financial Statements.

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE  
COMBINED STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2016**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUE</b>				
Unrestricted Revenues and Gains:				
Dues and Member Services	\$ 2,853,559	\$ -	\$ -	\$ 2,853,559
Continuing Education	204,281	-	-	204,281
Journal	133,130	-	-	133,130
Corporate Sponsorship	166,438	-	-	166,438
Contributions	20,643	13,125	-	33,768
Investment Income	50,790	11,867	-	62,657
Net Realized and Unrealized Gain on Investments	109,697	25,226	-	134,923
Subtotal	<u>3,538,538</u>	<u>50,218</u>	<u>-</u>	<u>3,588,756</u>
<b>NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS</b>				
	<u>35,930</u>	<u>(35,930)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	3,574,468	14,288	-	3,588,756
<b>OPERATING EXPENSES</b>				
Program Services:				
Member and Chapter Activities	1,262,160	-	-	1,262,160
Advertising and Public Relations Activities	526,959	-	-	526,959
Continuing Education	1,006,833	-	-	1,006,833
Journal	518,525	-	-	518,525
Corporate Sponsorship	400,841	-	-	400,841
Honorariums and Awards	9,000	-	-	9,000
Special Projects	51,263	-	-	51,263
Total Program Services Expenses	<u>3,775,581</u>	<u>-</u>	<u>-</u>	<u>3,775,581</u>
Supporting Services:				
Administrative and Corporate	82,497	-	-	82,497
Fundraising	7,115	-	-	7,115
Total Operating Expenses	<u>3,865,193</u>	<u>-</u>	<u>-</u>	<u>3,865,193</u>
<b>CHANGE IN NET ASSETS</b>	(290,725)	14,288	-	(276,437)
Net Assets - Beginning of Year	<u>1,112,652</u>	<u>235,305</u>	<u>199,723</u>	<u>1,547,680</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 821,927</u>	<u>\$ 249,593</u>	<u>\$ 199,723</u>	<u>\$ 1,271,243</u>

See accompanying Notes to Combined Financial Statements.

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (115,157)	\$ (276,437)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	23,725	25,833
Realized and Unrealized Gain on Investments	(159,814)	(134,923)
Loss on Disposal of Fixed Assets	729	-
(Increase) Decrease in:		
Accrued Investment Income	(994)	760
Note Receivable	-	889
Accounts Receivable	(11,634)	7,824
Pledges Receivable	22,787	13,178
Advances and Deposits	-	800
Prepaid Expenses	(8,589)	32,407
Cash Surrender Value	(17,534)	(17,274)
Increase (Decrease) in:		
Accounts Payable	(10,990)	29,289
Employee Withholding	(460)	(9,875)
Accrued Expenses	30,039	(26,619)
Accrued Vacation	(3,187)	(25,990)
Chapter Dues Payable	19,254	(521)
Deferred Rent	(6,127)	10,475
Deferred Income	(174,480)	(109,786)
Net Cash Used by Operating Activities	(412,432)	(479,970)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Investments	402,746	596,048
Purchases of Investments	(405,618)	(530,943)
Purchase of Property and Equipment	-	(14,169)
Net Cash Provided (Used) by Investing Activities	(2,872)	50,936
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Activity on Line of Credit	80,000	-
Net Cash Provided by Financing Activities	80,000	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(335,304)	(429,034)
Cash and Cash Equivalents - Beginning of Year	479,435	908,469
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 144,131	\$ 479,435

See accompanying Notes to Combined Financial Statements.



**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Society of Financial Service Professionals (Society) is a national network of over 8,400 members who are accomplished professionals, including financial advisors; attorneys; CPAs; insurance experts; actuaries; and specialists in estate planning, retirement, employee benefits, and other areas of financial services. The Society of FSP's core values are education, ethics, and relationships. FSP's mission is to promote professionalism among its members by establishing and rewarding the highest standards of ethical conduct, by cultivating mutually beneficial relationships among financial service professionals and by delivering top-quality continuing education programming to the industry.

The Foundation for Financial Service Professionals (Foundation) is the charitable arm of the Society of Financial Service Professionals. The Foundation's mission is to impact the lives of individuals with scholarships and financial education. In fulfillment of this mission, the Foundation has several key initiatives, including Paul S. Mills Scholarships to provide needs-based support to students pursuing degrees in financial services; the Kenneth Black, Jr. Journal Author Award to advance scholarly research and writing in financial services; and Financial Education Partners (FEP), to provide pro bono financial guidance to individuals in need.

**Principles of Combination**

The accompanying financial statements reflect the combined financial statements of the Society and its affiliate, the Foundation. The individual entities are under common management. The Foundation's board of directors is comprised of members of the Society's board of directors. All significant inter-organization transactions and balances have been eliminated.

**Income Taxes**

The Society is exempt from federal taxation under Section 501(c)(6) of the Internal Revenue Code. The Society collects advertising income which is subject to unrelated business income tax (UBIT). As of September 30, 2017 and 2016, the Society has no UBIT tax obligations since net advertising income was offset by excess readership costs.

The Foundation is exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

The Society and its affiliate follow the income tax standard for uncertain tax positions. The application of the standard had no effect on the net assets of the Organizations as they are not aware of any uncertain tax positions.

**Basis of Accounting**

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

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 AND 2016**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Statement Presentation**

The Society and its affiliate are 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.

Unrestricted net assets are not subject to donor-imposed stipulations. The Society and its affiliate, at the discretion of the board of directors, may designate such funds for a particular project. These funds are classified as board designated unrestricted net assets.

Temporarily restricted net assets are for activities which contain a restriction (time or purpose) as stipulated by the donor. Restrictions on these net assets are for pledges and scholarships.

Permanently restricted net assets are those that the donor stipulates must be maintained by the donee in perpetuity.

**Accounts Receivable**

The Society and its affiliate provide an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When collection efforts have been exhausted, the accounts are written off against the related allowance. At September 30, 2017 and 2016, an allowance was not warranted.

**Pledges and Contributions Received**

Pledges (unconditional promises to give) whose receipt depends only on the passage of time are recognized in the period the promise is made. Pledges are recorded as temporarily restricted until due. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**Investment Valuation**

Investments in marketable equity securities and debt securities are stated at fair value as determined by quoted market prices. Temporarily invested cash is stated at cost which approximates fair value. Investment income restricted by donors is reported as an increase in temporarily restricted net assets.

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment Valuation (Continued)**

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments in the near-term could materially affect the amounts reported in the combined statement of financial position.

**Property and Equipment**

Property and equipment consists of furniture, equipment, and expenditures for leasehold improvements and are carried at cost. Capitalization of property and equipment occurs when expenditures are for \$1,000 or more. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

**Deferred Income**

Membership dues and subscriptions are deferred at the time the payment is received. Deferred income from dues and subscriptions is included in income on a monthly basis over the enrollment period.

**Expense Allocation**

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

**Statement of Cash Flows**

For purpose of reporting cash flows, all cash and money market accounts are considered cash and cash equivalents, since they are readily convertible to cash.

**Concentration of Credit Risk**

At times, cash in bank may exceed FDIC insurable limits.

**Fair Value Measurements**

Society and its affiliate measure fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Society and its affiliate may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Society and its affiliate has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. The Society and its affiliate do not have any securities that are valued using Level 2 inputs.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity. Society and its affiliate do not have any securities that are valued using Level 3 inputs.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table represents the fair value hierarchy for those investments measured at fair value on a recurring basis at September 30, 2017:

	2017			Total
	Level 1	Level 2	Level 3	
Corporate Bonds	\$ 468,947	\$ -	\$ -	\$ 468,947
Government Bonds	266,198	-	-	266,198
Common Stocks	1,188,519	-	-	1,188,519
Total Investments	<u>\$ 1,923,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,923,664</u>

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

The following table represents the fair value hierarchy for those investments measured at fair value on a recurring basis at September 30, 2016:

	2016			Total
	Level 1	Level 2	Level 3	
Corporate Bonds	\$ 484,377	\$ -	\$ -	\$ 484,377
Government Bonds	176,661	-	-	176,661
Common Stocks	1,055,150	-	-	1,055,150
Mutual Funds	44,790	-	-	44,790
Total Investments	<u>\$ 1,760,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,760,978</u>

**Subsequent Events**

In preparing these financial statements, the Society and its affiliate have evaluated events through March 20, 2018, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments consisted of the following as of September 30, 2017 and 2016:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Society:				
Corporate Bonds	\$ 350,335	\$ 372,755	\$ 350,335	\$ 376,154
Government Bonds	243,787	236,587	143,754	145,303
Marketable Equity Securities	767,942	969,086	724,501	860,522
Mutual Funds	-	-	43,876	44,790
Total Society	<u>1,362,064</u>	<u>1,578,428</u>	<u>1,262,466</u>	<u>1,426,769</u>
Foundation:				
Corporate Bonds	91,539	96,192	103,684	108,223
Government Bonds	30,992	29,611	30,992	31,358
Marketable Equity Securities	171,581	219,433	161,813	194,628
Total Foundation	<u>294,112</u>	<u>345,236</u>	<u>296,489</u>	<u>334,209</u>
Total Combined	<u>\$ 1,656,176</u>	<u>\$ 1,923,664</u>	<u>\$ 1,558,955</u>	<u>\$ 1,760,978</u>

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 AND 2016**

**NOTE 3 PLEDGES RECEIVABLE**

The composition of pledges receivable at September 30, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Total Pledges Receivable Outstanding	\$ 26,630	\$ 49,417
Less: Current Portion of Pledges Receivable	<u>(14,205)</u>	<u>(26,197)</u>
Noncurrent Portion of Pledges Receivable	<u>\$ 12,425</u>	<u>\$ 23,220</u>

Pledges receivable are due to be collected over the next five years subsequent to September 30, 2017 as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 14,755
2019	7,655
2020	3,945
2021	825
Total	<u>27,180</u>
Less: Allowance for Doubtful Accounts, Current Portion	(550)
Less: Current Portion	<u>(14,205)</u>
Noncurrent Portion	<u>\$ 12,425</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment and accumulated depreciation and amortization as of September 30, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Furniture and Fixtures	\$ 96,018	\$ 96,018
Equipment and Software	94,686	410,976
Leasehold Improvements	<u>32,593</u>	<u>32,593</u>
Total	223,297	539,587
Less: Accumulated Depreciation	<u>135,227</u>	<u>427,063</u>
Total Property and Equipment, Net	<u>\$ 88,070</u>	<u>\$ 112,524</u>

Depreciation expense totaled \$23,725 and \$25,833 for 2017 and 2016, respectively.

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**NOTE 5 CASH SURRENDER VALUE, LIFE INSURANCE**

The Society maintains key person and split-dollar life insurance policies on the lives of certain personnel of the Society. These insurance policies have face values totaling \$590,000 as of September 30, 2017 and 2016, respectively.

For the years ended September 30, 2017 and 2016, reserves of \$53,847 and \$43,624, respectively, have been recorded on the books. The reserves represent the difference between the cash surrender value and the aggregate premiums paid for certain split dollar life insurance policies.

The policies had cash surrender values net of reserves of \$294,954 and \$277,420 as of September 30, 2017 and 2016, respectively.

As of September 30, 2017 and 2016, the Society maintains a one million dollar, term-life insurance policy on the life of the Chief Executive Officer for the benefit of the Society.

**NOTE 6 LINE OF CREDIT**

During 2016, the Society obtained a \$750,000 line of credit. The line is secured by the investment account of the Society. Amounts outstanding under the line of credit may not exceed 75% of the value of the investment account securing the line. Borrowings under the line of credit bear interest at the bank's thirty-day LIBOR rate plus 1.65% (1.24% at September 30, 2017).

The outstanding balance on the line of credit at September 30, 2017 was \$80,000. There was no outstanding balance on the line of credit at September 30, 2016.

**NOTE 7 CHANGES IN NET ASSETS**

The following illustrates changes in net assets by fund for the year ended September 30, 2017:

	Society	Foundation Funds			Total
		General	Paul S. Mills	Journal Authors	
<b>NET ASSETS</b>					
Unrestricted:					
Balance - October 1, 2016	\$ 1,065,533	\$ (243,606)	\$ -	\$ -	\$ 821,927
Increase	-	75,391	29,170	6,100	110,661
Decrease	(135,418)	(44,748)	(29,170)	(6,100)	(215,436)
Balance - September 30, 2017	930,115	(212,963)	-	-	717,152
Temporarily Restricted:					
Balance - October 1, 2016	-	81,096	175,003	(6,506)	249,593
Increase	-	2,100	33,348	7,527	42,975
Decrease	-	(18,087)	(29,170)	(6,100)	(53,357)
Balance - September 30, 2017	-	65,109	179,181	(5,079)	239,211
Permanently Restricted					
Balance - October 1, 2016	-	-	126,207	73,516	199,723
Increase	-	-	-	-	-
Balance - September 30, 2017	-	-	126,207	73,516	199,723
Total Net Assets September 30, 2017	\$ 930,115	\$ (147,854)	\$ 305,388	\$ 68,437	\$ 1,156,086

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 AND 2016**

**NOTE 7 CHANGES IN NET ASSETS (CONTINUED)**

The following illustrates changes in net assets by fund for the year ended September 30, 2016:

	Society	Foundation Funds			Total
		General	Paul S. Mills	Journal Authors	
<b>NET ASSETS</b>					
Unrestricted:					
Balance - October 1, 2015	\$ 1,325,185	\$ (212,533)	\$ -	\$ -	\$ 1,112,652
Increase	-	28,400	22,441	5,745	56,586
Decrease	(259,652)	(59,473)	(22,441)	(5,745)	(347,311)
Balance - September 30, 2016	1,065,533	(243,606)	-	-	821,927
Temporarily Restricted:					
Balance - October 1, 2015	-	75,715	167,184	(7,594)	235,305
Increase	-	13,125	30,260	6,833	50,218
Decrease	-	(7,744)	(22,441)	(5,745)	(35,930)
Balance - September 30, 2016	-	81,096	175,003	(6,506)	249,593
Permanently Restricted					
Balance - October 1, 2015	-	-	126,207	73,516	199,723
Increase	-	-	-	-	-
Balance - September 30, 2016	-	-	126,207	73,516	199,723
Total Net Assets September 30, 2016	\$ 1,065,533	\$ (162,510)	\$ 301,210	\$ 67,010	\$ 1,271,243

**NOTE 8 RETIREMENT SAVINGS PLAN**

The Society has a deferred compensation plan under IRS Code Section 401(k) covering all employees who meet prescribed eligibility requirements. Under the plan, the Society may contribute up to six percent (6%) of the eligible employee compensation based on years of service. The participants are eligible to make voluntary contributions up to statutory limitations.

Since 1998, the board of directors had designated the net reversionary amount from the termination of the Society's pension plan, to offset, annually, up to fifty percent (50%) of the Society's 401(k) employer contribution (i.e. 3%). As of February 28, 2009, the Society terminated its fifty percent (50%) matching contribution (i.e. 3%) to the 401(k) plan. The remaining 3% matching contribution from the reversionary interest will continue. As of September 30, 2017 and 2016, the 401(k) matching contributions were as follows:

	2017	2016
Reversionary Interest 3% Contribution	<u>\$ 48,148</u>	<u>\$ 52,651</u>

There were no forfeitures during fiscal years 2017 and 2016.

The reversionary interest balances which are board designated net assets as of September 30, 2017 and 2016 were \$192,839 and \$235,314, respectively.



**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 AND 2016**

**NOTE 9 OPERATING LEASE**

The Society has an operating lease for office space in Newtown Square, Pennsylvania. The lease term for the facility is seven (7) years, and was originally signed in July 2014 following the termination of the Society's previous office space lease. The effective date of the new lease is May 2015 and expires in 2022. The Society also leases equipment under various operating leases in effect as of September 30, 2017. Rental expense for office and equipment operating leases was \$200,766 and \$225,483 for the years ended September 30, 2017 and 2016, respectively.

The minimum future rental payments under noncancellable operating leases having original terms in excess of one year as of September 30, 2017 are approximately:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 170,115
2019	170,729
2020	174,050
2021	177,370
2022	104,596
Total	<u>\$ 796,860</u>

**NOTE 10 INCOME TAXES**

**Unrelated Business Loss Carryforward**

The Society has available for federal tax purposes at September 30, 2017, unused unrelated business loss carryforwards totaling \$217,453, that may be applied against future taxable unrelated business income and expire as follows:

<u>Fiscal Year Ended</u>	<u>Unrelated Business Loss</u>	<u>Amount Utilized</u>	<u>Unrelated Business Loss Carryforward</u>	<u>Year of Expiration</u>
9/30/2007	\$ 103,519	\$ 4,540	\$ 98,979	2027
9/30/2008	2,777	-	2,777	2028
9/30/2009	97,849	-	97,849	2029
9/30/2015	17,848	-	17,848	2034
	<u>\$ 221,993</u>	<u>\$ 4,540</u>	<u>\$ 217,453</u>	

**Deferred Taxes**

As of September 30, 2017 and 2016, a deferred tax asset of \$33,384 arose from unused unrelated business losses for fiscal years 2006 through 2008.

**NOTE 11 COMMITMENTS**

**Agreements**

The Society has three signed contracts for hotel and meeting space as of year-end. The outstanding commitment as of September 30, 2017 was approximately \$62,000.



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**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

Board of Directors  
Society of Financial Service Professionals  
Foundation for Financial Service Professionals  
Newtown Square, Pennsylvania

We have audited the combined financial statements of Society of Financial Service Professionals and Affiliate as of and for the years ended September 30, 2017 and 2016 and our report thereon dated March 20, 2018, which expressed an unmodified opinion on those combined financial statements, appears on page one. Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The 2017 and 2016 combining statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
March 20, 2018

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2017**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

<b>ASSETS</b>	<u>Society</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 115,603	\$ 28,528	\$ -	\$ 144,131
Investments	1,578,429	345,235	-	1,923,664
Accrued Investment Income	8,649	-	-	8,649
Accounts Receivable	203,182	6,457	(178,534)	31,105
Current Portion of Pledges Receivable	-	14,205	-	14,205
Prepaid Expenses	149,881	-	-	149,881
Total Current Assets	<u>2,055,744</u>	<u>394,425</u>	<u>(178,534)</u>	<u>2,271,635</u>
<b>OTHER ASSETS</b>				
Fixed Assets, at Cost, Net of Accumulated Depreciation of \$135,227	88,070	-	-	88,070
Pledges Receivable Due After One Year	-	12,425	-	12,425
Deferred Taxes	33,384	-	-	33,384
Cash Surrender Value, Life Insurance	294,954	-	-	294,954
Total Other Assets	<u>416,408</u>	<u>12,425</u>	<u>-</u>	<u>428,833</u>
Total Assets	<u>\$ 2,472,152</u>	<u>\$ 406,850</u>	<u>\$ (178,534)</u>	<u>\$ 2,700,468</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 55,612	\$ 180,879	\$ (178,534)	\$ 57,957
Line of Credit	80,000	-	-	80,000
Employee Withholding	3,441	-	-	3,441
Accrued Expenses	34,269	-	-	34,269
Accrued Vacation	28,376	-	-	28,376
Chapter Dues Payable	176,923	-	-	176,923
Deferred Rent	70,165	-	-	70,165
Deferred Income	1,093,251	-	-	1,093,251
Total Current Liabilities	<u>1,542,037</u>	<u>180,879</u>	<u>(178,534)</u>	<u>1,544,382</u>
<b>NET ASSETS</b>				
Unrestricted and Undesignated Net Assets	737,276	(212,963)	-	524,313
Board Designated Net Assets	192,839	-	-	192,839
Total Unrestricted Net Assets	<u>930,115</u>	<u>(212,963)</u>	<u>-</u>	<u>717,152</u>
Temporarily Restricted	-	239,211	-	239,211
Permanently Restricted	-	199,723	-	199,723
Total Net Assets	<u>930,115</u>	<u>225,971</u>	<u>-</u>	<u>1,156,086</u>
Total Liabilities and Net Assets	<u>\$ 2,472,152</u>	<u>\$ 406,850</u>	<u>\$ (178,534)</u>	<u>\$ 2,700,468</u>

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2016**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>Society</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 421,067	\$ 58,368	\$ -	\$ 479,435
Investments	1,426,769	334,209	-	1,760,978
Accrued Investment Income	7,655	-	-	7,655
Accounts Receivable	226,755	1,457	(208,741)	19,471
Current Portion of Pledges Receivable	-	26,197	-	26,197
Prepaid Expenses	141,292	-	-	141,292
Total Current Assets	<u>2,223,538</u>	<u>420,231</u>	<u>(208,741)</u>	<u>2,435,028</u>
<b>OTHER ASSETS</b>				
Fixed Assets, at Cost, Net of Accumulated Depreciation of \$427,063	112,524	-	-	112,524
Pledges Receivable Due After One Year	-	23,220	-	23,220
Deferred Taxes	33,384	-	-	33,384
Cash Surrender Value, Life Insurance	277,420	-	-	277,420
Total Other Assets	<u>423,328</u>	<u>23,220</u>	<u>-</u>	<u>446,548</u>
Total Assets	<u>\$ 2,646,866</u>	<u>\$ 443,451</u>	<u>\$ (208,741)</u>	<u>\$ 2,881,576</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 39,947	\$ 237,741	\$ (208,741)	\$ 68,947
Employee Withholding	3,901	-	-	3,901
Accrued Expenses	4,230	-	-	4,230
Accrued Vacation	31,563	-	-	31,563
Chapter Dues Payable	157,669	-	-	157,669
Deferred Rent	76,292	-	-	76,292
Deferred Income	1,267,731	-	-	1,267,731
Total Current Liabilities	<u>1,581,333</u>	<u>237,741</u>	<u>(208,741)</u>	<u>1,610,333</u>
<b>NET ASSETS</b>				
Unrestricted	830,219	(243,606)	-	586,613
Board Designated Net Assets	235,314	-	-	235,314
Total Unrestricted Net Assets	<u>1,065,533</u>	<u>(243,606)</u>	<u>-</u>	<u>821,927</u>
Temporarily Restricted	-	249,593	-	249,593
Permanently Restricted	-	199,723	-	199,723
Total Net Assets	<u>1,065,533</u>	<u>205,710</u>	<u>-</u>	<u>1,271,243</u>
Total Liabilities and Net Assets	<u>\$ 2,646,866</u>	<u>\$ 443,451</u>	<u>\$ (208,741)</u>	<u>\$ 2,881,576</u>

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2017**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Society	Foundation	Eliminations	Total
<b>SUPPORT AND PROGRAM REVENUE</b>				
Support and Program Revenue	\$ 2,965,914	\$ 57,304	\$ -	\$ 3,023,218
Net Assets Released from Restrictions	-	53,357	-	53,357
Total Support and Revenue	<u>2,965,914</u>	<u>110,661</u>	<u>-</u>	<u>3,076,575</u>
<b>OPERATING EXPENSES</b>	3,283,652	80,018	-	3,363,670
<b>OTHER REVENUE</b>				
Interest and Dividend Income	52,497	-	-	52,497
Loss on Disposal of Fixed Assets	(729)	-	-	(729)
Net Realized and Unrealized Gain				
on Investments	130,552	-	-	130,552
Total Other Income	<u>182,320</u>	<u>-</u>	<u>-</u>	<u>182,320</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	(135,418)	30,643	-	(104,775)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Interest and Dividend Income	-	11,613	-	11,613
Net Realized and Unrealized Gain				
on Investments	-	29,262	-	29,262
Contributions	-	2,100	-	2,100
Net Assets Released from Restrictions	-	(53,357)	-	(53,357)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	-	(10,382)	-	(10,382)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions	-	-	-	-
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	(135,418)	20,261	-	(115,157)
Net Assets - Beginning of Year	<u>1,065,533</u>	<u>205,710</u>	<u>-</u>	<u>1,271,243</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 930,115</u>	<u>\$ 225,971</u>	<u>\$ -</u>	<u>\$ 1,156,086</u>

**SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2016**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Society	Foundation	Eliminations	Total
<b>SUPPORT AND PROGRAM REVENUE</b>				
Support and Program Revenue	\$ 3,357,408	\$ 20,643	\$ -	\$ 3,378,051
Net Assets Released from Restrictions	-	35,930	-	35,930
Total Support and Revenue	<u>3,357,408</u>	<u>56,573</u>	<u>-</u>	<u>3,413,981</u>
<b>OPERATING EXPENSES</b>	3,777,533	87,660	-	3,865,193
<b>OTHER REVENUE</b>				
Interest and Dividend Income	50,776	14	-	50,790
Net Realized and Unrealized Gain on Investments	109,697	-	-	109,697
Total Other Income	<u>160,473</u>	<u>14</u>	<u>-</u>	<u>160,487</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	(259,652)	(31,073)	-	(290,725)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Interest and Dividend Income	-	11,867	-	11,867
Net Realized and Unrealized Loss on Investments	-	25,226	-	25,226
Contributions	-	13,125	-	13,125
Net Assets Released from Restrictions	-	(35,930)	-	(35,930)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	-	14,288	-	14,288
<b>PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions	-	-	-	-
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	(259,652)	(16,785)	-	(276,437)
Net Assets - Beginning of Year	<u>1,325,185</u>	<u>222,495</u>	<u>-</u>	<u>1,547,680</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,065,533</u>	<u>\$ 205,710</u>	<u>\$ -</u>	<u>\$ 1,271,243</u>



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