SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

CliftonLarsonAllen LLP

SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT	1
COMBINED FINANCIAL STATEMENTS	
COMBINED STATEMENTS OF FINANCIAL POSITION	3
COMBINED STATEMENTS OF ACTIVITIES	4
COMBINED STATEMENTS OF CASH FLOWS	6
NOTES TO COMBINED FINANCIAL STATEMENTS	7
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	17
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENTS OF FINANCIAL POSITION	18
COMBINING STATEMENT OF ACTIVITIES	20

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Society of Financial Service Professionals and Affiliate
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, 2018 and 2017, 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 and Affiliate
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, 2018 and 2017, 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
January 24, 2019

SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 107,832	$ 144,131
Investments	1,814,620	1,923,664
Accrued Investment Income	4,804	8,649
Accounts Receivable	31,870	31,105
Current Portion of Pledges Receivable	12,725	14,205
Prepaid Expenses	111,735	149,881
Total Current Assets	2,083,586	2,271,635
OTHER ASSETS		
Property and Equipment, Net of Accumulated Depreciation of $155,428 and $135,227, Respectively	67,869	88,070
Pledges Receivable Due After One Year	-	12,425
Deferred Taxes	33,384	33,384
Cash Surrender Value, Life Insurance	312,570	294,954
Total Other Assets	413,823	428,833
Total Assets	$ 2,497,409	$ 2,700,468
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 28,736	$ 57,957
Line of Credit	125,000	80,000
Employee Withholding	2,188	3,441
Accrued Expenses	25,023	34,269
Accrued Vacation	28,018	28,376
Chapter Dues Payable	123,350	176,923
Deferred Rent	60,717	70,165
Deferred Income	1,050,538	1,093,251
Total Current Liabilities	1,443,570	1,544,382
NET ASSETS		
Unrestricted and Undesignated Net Assets	476,570	524,313
Board-Designated Net Assets	160,509	192,839
Total Unrestricted Net Assets	637,079	717,152
Temporarily Restricted	217,037	239,211
Permanently Restricted	199,723	199,723
Total Net Assets	1,053,839	1,156,086
Total Liabilities and Net Assets	$ 2,497,409	$ 2,700,468

See accompanying Notes to Combined Financial Statements.

SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Unrestricted Revenues and Gains:				
Dues and Member Services	$ 2,440,263	$ -	$ -	$ 2,440,263
Continuing Education	187,483	-	-	187,483
Journal	121,768	-	-	121,768
Corporate Sponsorship	118,627	-	-	118,627
Contributions	19,875	3,100	-	22,975
Investment Income	47,651	11,094	-	58,745
Net Realized and Unrealized Gain on Investments	62,284	15,930	-	78,214
Subtotal	2,997,951	30,124	-	3,028,075
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	52,298	(52,298)	-	-
Total Support and Revenue	3,050,249	(22,174)	-	3,028,075
OPERATING EXPENSES				
Program Services:				
Member and Chapter Activities	1,399,708	-	-	1,399,708
Advertising and Public Relations Activities	268,379	-	-	268,379
Continuing Education	660,172	-	-	660,172
Journal	441,391	-	-	441,391
Corporate Sponsorship	264,227	-	-	264,227
Honorariums and Awards	16,000	-	-	16,000
Special Projects	24,204	-	-	24,204
Total Program Services Expenses	3,074,081	-	-	3,074,081
Supporting Services:				
Administrative and Corporate	53,658	-	-	53,658
Fundraising	2,584	-	-	2,584
Total Operating Expenses	3,130,322	-	-	3,130,322
CHANGE IN NET ASSETS	(80,073)	(22,174)	-	(102,247)
Net Assets - Beginning of Year	717,152	239,211	199,723	1,156,086
NET ASSETS - END OF YEAR	$ 637,079	$ 217,037	$ 199,723	$ 1,053,839

See accompanying Notes to Combined Financial Statements.

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

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
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
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	3,205,538	42,975	-	3,248,513
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	53,357	(53,357)	-	-
Total Support and Revenue	3,258,895	(10,382)	-	3,248,513
OPERATING EXPENSES				
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	3,282,732	-	-	3,282,732
Supporting Services:				
Administrative and Corporate	77,037	-	-	77,037
Fundraising	3,901	-	-	3,901
Total Operating Expenses	3,363,670	-	-	3,363,670
CHANGE IN NET ASSETS	(104,775)	(10,382)	-	(115,157)
Net Assets - Beginning of Year	821,927	249,593	199,723	1,271,243
NET ASSETS - END OF YEAR	$ 717,152	$ 239,211	$ 199,723	$ 1,156,086

See accompanying Notes to Combined Financial Statements.

SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ (102,247)	$ (115,157)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	20,201	23,725
Realized and Unrealized Gain on Investments	(78,214)	(159,814)
Loss on Disposal of Fixed Assets	-	729
(Increase) Decrease in:		
Accrued Investment Income	3,845	(994)
Accounts Receivable	(765)	(11,634)
Pledges Receivable	13,905	22,787
Prepaid Expenses	38,146	(8,589)
Cash Surrender Value	(17,616)	(17,534)
Increase (Decrease) in:		
Accounts Payable	(29,221)	(10,990)
Employee Withholding	(1,253)	(460)
Accrued Expenses	(9,246)	30,039
Accrued Vacation	(358)	(3,187)
Chapter Dues Payable	(53,573)	19,254
Deferred Rent	(9,448)	(6,127)
Deferred Income	(42,713)	(174,480)
Net Cash Used by Operating Activities	(268,557)	(412,432)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	741,002	402,746
Purchases of Investments	(553,744)	(405,618)
Purchase of Property and Equipment	-	-
Net Cash Provided (Used) by Investing Activities	187,258	(2,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Activity on Line of Credit	45,000	80,000
Net Cash Provided by Financing Activities	45,000	80,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,299)	(335,304)
Cash and Cash Equivalents - Beginning of Year	144,131	479,435
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 107,832	$ 144,131

See accompanying Notes to Combined Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Society of Financial Service Professionals (Society) is a national network of over 7,600 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 (IRC). The Society collects advertising income which is subject to unrelated business income tax (UBIT). As of September 30, 2018 and 2017, 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 IRC.

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.

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 uncollectabilty has occurred. When collection efforts have been exhausted, the accounts are written off against the related allowance. At September 30, 2018 and 2017, 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.

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.

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, 2018:

	2018			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	$ 220,121	$ -	$ -	$ 220,121
Government Bonds	482,875	-	-	482,875
Common Stocks	1,111,624	-	-	1,111,624
Total Investments	$ 1,814,620	$ -	$ -	$ 1,814,620

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, 2017:

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

Recently Issued Accounting Standards Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This new accounting guidance outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. The standard will be effective for the Society and its affiliate for annual reporting period beginning after December 15, 2018. The Society and its affiliate are assessing the impact this new standard will have on its combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 was issued to increase the transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. The standard will be effective for the Society and its affiliate for annual reporting period beginning after December 15, 2019. Early application is permitted for all entities. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Society and its affiliate are assessing the impact this standard will have on its combined financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that are useful in assessing a nonprofit's liquidity, financial performance, and cash flows. ASU 2016-14 will be effective for the Society and its affiliate for annual reporting period beginning after December 15, 2017. ASU 2016-14 is to be applied retroactively with transition provisions. The Society and its affiliate are assessing the impact this standard will have on its combined financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards Not Yet Adopted (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in Subtopic 958-605, *Not-for-Profit Entities—Revenue Recognition*, should be followed. For exchange transactions, Topic 606, *Revenue from Contracts with Customers*, should be followed. To determine which guidance should be followed, grant documents have to be carefully analyzed. In addition, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The standard will be effective for the Society and its affiliate for annual reporting period beginning after December 15, 2018. The Society and its affiliate are assessing the impact this standard will have on its combined financial statements.

Subsequent Events

In preparing these financial statements, the Society and its affiliate have evaluated events through January 24, 2019, the date the combined financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments consisted of the following as of September 30:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Society:				
Corporate Bonds	$ 156,408	$ 159,147	$ 350,335	$ 372,755
Government Bonds	436,569	413,029	243,787	236,587
Marketable Equity Securities	641,202	885,806	767,942	969,086
Total Society	1,234,179	1,457,982	1,362,064	1,578,428
Foundation:				
Corporate Bonds	60,052	60,974	91,539	96,192
Government Bonds	73,775	69,846	30,992	29,611
Marketable Equity Securities	161,133	225,818	171,581	219,433
Total Foundation	294,960	356,638	294,112	345,236
Total Combined	$ 1,529,139	$ 1,814,620	$ 1,656,176	$ 1,923,664

NOTE 3 PLEDGES RECEIVABLE

The composition of pledges receivable at September 30, 2018 and 2017 is summarized as follows:

	2018	2017
Total Pledges Receivable Outstanding	$ 12,725	$ 26,630
Less: Current Portion of Pledges Receivable	(12,725)	(14,205)
Noncurrent Portion of Pledges Receivable	$ -	$ 12,425

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation and amortization as of September 30, 2018 and 2017 consist of:

	2018	2017
Furniture and Fixtures	$ 96,018	$ 96,018
Equipment and Software	94,686	94,686
Leasehold Improvements	32,593	32,593
Total	223,297	223,297
Less: Accumulated Depreciation	155,428	135,227
Total Property and Equipment, Net	$ 67,869	$ 88,070

Depreciation expense totaled $20,201 and $23,725 for 2018 and 2017, respectively.

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, 2018 and 2017, respectively.

For the years ended September 30, 2018 and 2017, reserves of $63,893 and $53,847, 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 $312,570 and $294,954 as of September 30, 2018 and 2017, respectively.

As of September 30, 2018 and 2017, 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 30-day LIBOR rate plus 1.65% (3.91% at September 30, 2018).

The outstanding balance on the line of credit at September 30, 2018 and 2017 was $125,000 and $80,000, respectively.

NOTE 7 CHANGES IN NET ASSETS

The following illustrates changes in net assets by fund for the year ended September 30, 2018:

	Society	Foundation Funds			
		General	Paul S. Mills	Journal Authors	Total
NET ASSETS					
Unrestricted:					
Balance - October 1, 2017	$ 930,115	$ (212,963)	$ -	$ -	$ 717,152
Increase	-	19,875	35,217	6,176	61,268
Decrease	(99,848)	(100)	(35,217)	(6,176)	(141,341)
Balance - September 30, 2018	830,267	(193,188)	-	-	637,079
Temporarily Restricted:					
Balance - October 1, 2017	-	65,109	179,181	(5,079)	239,211
Increase	-	-	25,145	4,979	30,124
Decrease	-	(10,905)	(35,217)	(6,176)	(52,298)
Balance - September 30, 2018	-	54,204	169,109	(6,276)	217,037
Permanently Restricted					
Balance - October 1, 2017	-	-	126,207	73,516	199,723
Increase	-	-	-	-	-
Balance - September 30, 2018	-	-	126,207	73,516	199,723
Total Net Assets - September 30, 2018	$ 830,267	$ (138,984)	$ 295,316	$ 67,240	$ 1,053,839

NOTE 7 CHANGES IN NET ASSETS (CONTINUED)

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

	Society	Foundation Funds			
		General	Paul S. Mills	Journal Authors	Total
NET ASSETS					
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

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, 2018 and 2017, the 401(k) matching contributions were as follows:

	2018	2017
Reversionary Interest 3% Contribution	$ 50,317	$ 48,148

There were no forfeitures during fiscal years 2018 and 2017.

The reversionary interest balances which are board-designated net assets as of September 30, 2018 and 2017 were $160,509 and $192,389, respectively.

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, 2018. Rental expense for office and equipment operating leases was $192,912 and $200,766 for the years ended September 30, 2018 and 2017, respectively.

The minimum future rental payments under noncancellable operating leases having original terms in excess of one year as of September 30, 2018 are approximately:

Year Ending September 30,	Amount
2019	$ 170,729
2020	174,050
2021	177,370
2022	104,596
Total	$ 626,745

NOTE 10 INCOME TAXES

Unrelated Business Loss Carryforward

The Society has available for federal tax purposes at September 30, 2018, unused unrelated business loss carryforwards totaling $217,453, that may be applied against future taxable unrelated business income and expire as follows:

Fiscal Year Ended	Unrelated Business Loss	Amount Utilized	Unrelated Business Loss Carryforward	Year of Expiration
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
	$ 221,993	$ 4,540	$ 217,453	

Deferred Taxes

As of September 30, 2018 and 2017, 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 two signed contracts for hotel and meeting space as of year-end. The outstanding commitment as of September 30, 2018 was approximately $54,000.

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Directors
Society of Financial Service Professionals and Affiliate
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, 2018 and 2017 and our report thereon dated January 24, 2019, 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 2018 and 2017 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
January 24, 2019

SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Society	Foundation	Eliminations	Combined
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 100,362	$ 7,470	$ -	$ 107,832
Investments	1,457,982	356,638	-	1,814,620
Accrued Investment Income	4,804	-	-	4,804
Accounts Receivable	185,131	1,132	(154,393)	31,870
Current Portion of Pledges Receivable	-	12,725	-	12,725
Prepaid Expenses	111,735	-	-	111,735
Total Current Assets	1,860,014	377,965	(154,393)	2,083,586
OTHER ASSETS				
Fixed Assets, at Cost, Net of Accumulated Depreciation of $155,428	67,869	-	-	67,869
Pledges Receivable Due After One Year	-	-	-	-
Deferred Taxes	33,384	-	-	33,384
Cash Surrender Value, Life Insurance	312,570	-	-	312,570
Total Other Assets	413,823	-	-	413,823
Total Assets	$ 2,273,837	$ 377,965	$ (154,393)	$ 2,497,409
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 28,736	$ 154,393	$ (154,393)	$ 28,736
Line of Credit	125,000	-	-	125,000
Employee Withholding	2,188	-	-	2,188
Accrued Expenses	25,023	-	-	25,023
Accrued Vacation	28,018	-	-	28,018
Chapter Dues Payable	123,350	-	-	123,350
Deferred Rent	60,717	-	-	60,717
Deferred Income	1,050,538	-	-	1,050,538
Total Current Liabilities	1,443,570	154,393	(154,393)	1,443,570
NET ASSETS				
Unrestricted and Undesignated Net Assets	669,758	(193,188)	-	476,570
Board-Designated Net Assets	160,509	-	-	160,509
Total Unrestricted Net Assets	830,267	(193,188)	-	637,079
Temporarily Restricted	-	217,037	-	217,037
Permanently Restricted	-	199,723	-	199,723
Total Net Assets	830,267	223,572	-	1,053,839
Total Liabilities and Net Assets	$ 2,273,837	$ 377,965	$ (154,393)	$ 2,497,409

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

	Society	Foundation	Eliminations	Combined
ASSETS				
CURRENT ASSETS				
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	2,055,744	394,425	(178,534)	2,271,635
OTHER ASSETS				
Fixed Assets, at Cost, Net of Accumulated Depreciation of $427,063	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	416,408	12,425	-	428,833
Total Assets	$ 2,472,152	$ 406,850	$ (178,534)	$ 2,700,468
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
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	1,542,037	180,879	(178,534)	1,544,382
NET ASSETS				
Unrestricted	737,276	(212,963)	-	524,313
Board-Designated Net Assets	192,839	-	-	192,839
Total Unrestricted Net Assets	930,115	(212,963)	-	717,152
Temporarily Restricted	-	239,211	-	239,211
Permanently Restricted	-	199,723	-	199,723
Total Net Assets	930,115	225,971	-	1,156,086
Total Liabilities and Net Assets	$ 2,472,152	$ 406,850	$ (178,534)	$ 2,700,468

SOCIETY OF FINANCIAL SERVICE PROFESSIONALS AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Society	Foundation	Eliminations	Total
SUPPORT AND PROGRAM REVENUE				
Support and Program Revenue	$ 2,868,141	$ 19,875	$ -	$ 2,888,016
Net Assets Released from Restrictions	-	52,298	-	52,298
Total Support and Revenue	2,868,141	72,173	-	2,940,314
OPERATING EXPENSES	3,077,924	52,398	-	3,130,322
OTHER REVENUE				
Interest and Dividend Income	47,651	-	-	47,651
Loss on Disposal of Fixed Assets	-	-	-	-
Net Realized and Unrealized Gain on Investments	62,284	-	-	62,284
Total Other Income	109,935	-	-	109,935
CHANGE IN UNRESTRICTED NET ASSETS	(99,848)	19,775	-	(80,073)
TEMPORARILY RESTRICTED NET ASSETS				
Interest and Dividend Income	-	11,094	-	11,094
Net Realized and Unrealized Gain on Investments	-	15,930	-	15,930
Contributions	-	3,100	-	3,100
Net Assets Released from Restrictions	-	(52,298)	-	(52,298)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	(22,174)	-	(22,174)
PERMANENTLY RESTRICTED NET ASSETS				
Contributions	-	-	-	-
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	-	-
CHANGE IN NET ASSETS	(99,848)	(2,399)	-	(102,247)
Net Assets - Beginning of Year	930,115	225,971	-	1,156,086
NET ASSETS - END OF YEAR	$ 830,267	$ 223,572	$ -	$ 1,053,839

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
SUPPORT AND PROGRAM REVENUE				
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	2,965,914	110,661	-	3,076,575
OPERATING EXPENSES	3,283,652	80,018	-	3,363,670
OTHER REVENUE				
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	182,320	-	-	182,320
CHANGE IN UNRESTRICTED NET ASSETS	(135,418)	30,643	-	(104,775)
TEMPORARILY RESTRICTED NET ASSETS				
Interest and Dividend Income	-	11,613	-	11,613
Net Realized and Unrealized Loss on Investments	-	29,262	-	29,262
Contributions	-	2,100	-	2,100
Net Assets Released from Restrictions	-	(53,357)	-	(53,357)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	(10,382)	-	(10,382)
PERMANENTLY RESTRICTED NET ASSETS				
Contributions	-	-	-	-
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	-	-
CHANGE IN NET ASSETS	(135,418)	20,261	-	(115,157)
Net Assets - Beginning of Year	1,065,533	205,710	-	1,271,243
NET ASSETS - END OF YEAR	$ 930,115	$ 225,971	$ -	$ 1,156,086

CliftonLarsonAllen

A member of Nexia International