

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

FINANCIAL REPORT

JUNE 30, 2015

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
International Association of Registered Financial Consultants, Inc.

We have audited the accompanying financial statements of International Association of Registered Financial Consultants, Inc., (IARFC), (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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 the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's 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 from 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 auditor's 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 entity'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 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 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 IARFC as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Certified Public Accountants

Dayton, Ohio

December 22, 2015

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

ASSETS

Cash and cash equivalents	\$	87,602
Accounts receivable, net of allowance		86,548
Accounts receivable - related party		653
Cash surrender value of life insurance		2,143
TOTAL ASSETS	\$	<u>176,946</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	15,539
Accrued payroll		4,823
TOTAL LIABILITIES		<u>20,362</u>

UNRESTRICTED NET ASSETS

156,584

TOTAL LIABILITIES AND NET ASSETS

\$ 176,946

The accompanying notes are an integral part of these statements.

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

REVENUE	
Membership dues	\$ 564,315
Competition sponsorships	27,555
Course and accreditation fees	7,668
Publication fees	5,091
Other	2,979
TOTAL REVENUE	<u>607,608</u>
EXPENSES	
Program services	289,606
Management and general	294,342
TOTAL EXPENSES	<u>583,948</u>
CHANGE IN NET ASSETS	23,660
UNRESTRICTED NET ASSETS – beginning of year	<u>132,924</u>
UNRESTRICTED NET ASSETS – end of year	<u>\$ 156,584</u>

The accompanying notes are an integral part of these statements.

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 23,660
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in cash surrender value of life insurance	6,861
Changes in assets and liabilities:	
Accounts receivable	(3,079)
Accounts receivable - related party	(653)
Accounts payable	975
Accrued payroll	(3,942)
TOTAL ADJUSTMENTS	<u>162</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,822
CASH AND CASH EQUIVALENTS – beginning of year	<u>63,780</u>
CASH AND CASH EQUIVALENTS – end of year	<u><u>\$ 87,602</u></u>

The accompanying notes are an integral part of these statements.

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. ORGANIZATION AND PURPOSE

International Association of Registered Financial Consultants, Inc., (IARFC), was established in 1984. IARFC is dedicated to educate, support and advance the professionalism of personal financial advisors. The Organization serves a broad spectrum of financial professionals across the world. They issue a magazine and journal, which provides members and non-members with helpful information on best practices shared by other professionals. They also provide accreditations and courses for financial consultant professionals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America for not-for-profit organizations.

Financial Statement Presentation

IARFC reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A description of each class as it pertains to IARFC is as follows:

Unrestricted - Represent resources that have no restriction on their use and are available to support IARFC's operations.

Temporarily Restricted - Represent resources resulting from contributions and other inflows of assets whose use by IARFC is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of IARFC pursuant to those stipulations. IARFC has no temporarily restricted net assets; therefore, this classification is omitted from the accompanying financial statements.

Permanently Restricted - Represent resources resulting from contributions or other inflows of assets whose use by IARFC is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of IARFC pursuant to those stipulations. IARFC has no permanently restricted net assets; therefore, this classification is omitted from the accompanying financial statements.

Cash and Cash Equivalents

IARFC considers cash and cash equivalents to be all highly liquid bank accounts that include interest and non-interest bearing demand deposit accounts.



INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

IARFC maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. IARFC has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable represent uncollected amounts for membership dues.

The Organization utilizes the allowance method in accounting for bad debts. An allowance is made for possible losses on collection of accounts receivable based upon periodic review of credit risks. When accounts are determined to be uncollectible, they are charged off against the allowance. Management deems an account to be uncollectible when all internal collection efforts have been exhausted. The allowance for doubtful accounts was \$10,369 at June 30, 2015. Total bad debts recorded for the year ended June 30, 2015, related to membership dues was \$79,291.

Revenue

The Organization's primary source of revenue is membership dues. Member dues are recognized as revenue in the period that the membership renews each year.

Donated Materials and Services

Donated services are recognized as contributions only if the donated services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation to the Organization. Donated materials are recorded at their fair market value at the date of donation.

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The financial statements include no provision for income taxes as IARFC is qualified as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. However, any income from certain activities not directly related to the Organization's tax exempt purpose may be subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America prescribe attributes for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. It requires affirmative evaluation that it is more-likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that tax position is not recognized in the financial statements, and additional disclosures about uncertain tax positions are required.

IARFC's evaluation as of June 30, 2015 revealed no income tax positions that, if overturned, would have a material impact on the financial statements, including any position that would place the Organization's exempt status in jeopardy at June 30, 2015. The 2011 through 2013 tax years remain subject to examination by the Internal Revenue Service. IARFC does not believe that any reasonable possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Fair Value Measurement

Fair value is defined as the price that would be received for an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. Assets or liabilities listed at fair value require expanded disclosure about the extent to which they are measured at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. Fair value measurements apply whenever standards require (or permit) assets or liabilities to be measured at fair value. IARFC has not expanded the use of fair value measurements in any circumstances.

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

3. CASH SURRENDER VALUE OF LIFE INSURANCE

IARFC is part owner and beneficiary of a life insurance policy on one of its officers in the face amount of \$500,000. IARFC's portion of the face amount is \$250,000. As of June 30, 2015, IARFC's portion of the cash surrender value of this policy was \$2,143.

4. RELATED PARTY TRANSACTIONS

IARFC and Financial Planning Consultants (FPC) share a building and management personnel. These two organizations have a cost-sharing agreement for the building and certain personnel-related expenses. According to the agreement, it varies as to which entity pays these expenses at any given time. During the year ended June 30, 2015, IARFC paid \$47,359 in building and office expenses and \$18,509 in personnel costs. The entities will periodically settle amounts due in accordance with the agreement.

During the year ended June 30, 2015, IARFC received \$1,938 from FPC related to office supplies purchases and other building-related costs. At June 30, 2015 IARFC has a receivable from FPC in the amount of \$653, which is included in accounts receivable – related party.

During the year ended June 30, 2015, the IARFC paid \$38,731 to FPC. Included in that amount is \$24,000 of rent paid for use of an office building owned by the IARFC's Executive Director. The office is leased a month-to-month basis.

During the year ended June 30, 2015, IARFC forgave a note receivable from FPC in the amount of \$28,100. This loss is included in bad debt expense on the statement of activities.

5. SUBSEQUENT EVENTS

Management evaluated the activity of IARFC through December 22, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

INTERNATIONAL ASSOCIATION OF REGISTERED  
FINANCIAL CONSULTANTS, INC.

SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Management and General	Total
Salaries and contract labor	\$ 67,016	\$ 167,730	\$ 234,746
Bad debts	96,652	10,739	107,391
Printing and reproduction	53,906	5,990	59,896
Rent	7,933	18,644	26,577
Accreditation	2,635	23,712	26,347
Insurance	0	18,509	18,509
Utilities	10,154	7,138	17,292
Financial plan competition	11,741	1,305	13,046
Membership services	4,967	7,910	12,877
Computer and website	5,626	6,250	11,876
Office and general	7,266	4,473	11,739
Postage and shipping	8,161	2,318	10,479
Board of directors	701	8,036	8,737
Repair and maintenance	902	6,947	7,849
Bank and credit card fees	6,072	675	6,747
Travel	3,947	1,316	5,263
Miscellaneous	1,927	1,936	3,863
Professional fees	0	714	714
<b>TOTAL EXPENSES</b>	<b>\$ 289,606</b>	<b>\$ 294,342</b>	<b>\$ 583,948</b>