

**International Association of Registered
Financial Consultants, Inc.**

Financial Statements

June 30, 2017



International Association of Registered Financial Consultants, Inc.

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FLAGEL HUBER FLAGEL

Certified Public Accountants | Business Advisors

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, 2017, 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, 2017, 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.

A handwritten signature in cursive script that reads "Flagel Huber Flagel".

Certified Public Accountants

Dayton, Ohio

August 2, 2018

International Association of Registered Financial Consultants, Inc.
Statement of Financial Position
June 30, 2017

Assets

| | | |
|---------------------------|-----------|----------------|
| Cash and cash equivalents | \$ | 227,449 |
| Accounts receivable, net | | 78,260 |
| Prepaid expenses | | 9,740 |
| Total Assets | \$ | 315,449 |

Liabilities and Net Assets

Liabilities

| | | |
|--------------------------|----|----------------|
| Accounts payable | \$ | 11,290 |
| Accrued payroll | | 5,936 |
| Deferred revenue | | 307,595 |
| Total Liabilities | | 324,821 |

Unrestricted Net Assets

| | | |
|---|-----------|----------------|
| | | <u>(9,372)</u> |
| Total Liabilities and Net Assets | \$ | 315,449 |

International Association of Registered Financial Consultants, Inc.
Statement of Activities
For the Year Ended June 30, 2017

Revenues

| | | |
|-------------------------------|----|----------------|
| Membership dues | \$ | 628,411 |
| Publication fees | | 11,235 |
| Course and accreditation fees | | 6,499 |
| Other | | 1,627 |
| Total Revenues | | <u>647,772</u> |

Expenses

| | | |
|------------------------|--|----------------|
| Program services | | 219,472 |
| Management and general | | 331,298 |
| Total Expenses | | <u>550,770</u> |

Change in Unrestricted Net Assets 97,002

Unrestricted Net Assets – beginning of year (106,374)

Unrestricted Net Assets – end of year \$ (9,372)

International Association of Registered Financial Consultants, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2017

| | |
|--|--------------------------|
| Cash Flows From Operating Activities: | |
| Change in net assets | \$ 97,002 |
| Changes in assets and liabilities: | |
| Accounts receivable, net | (45,654) |
| Prepaid expenses | (7,093) |
| Accounts payable | (20,018) |
| Accrued payroll | (1,406) |
| Deferred revenue | <u>(3,582)</u> |
| Net Cash Provided by Operating Activities | 19,249 |
| Cash and Cash Equivalents – beginning of year | <u>208,200</u> |
| Cash and Cash Equivalents – end of year | <u><u>\$ 227,449</u></u> |

International Association of Registered Financial Consultants, Inc.

Notes to Financial Statements

June 30, 2017

1. Organization and Purpose

Founded in 1984, International Association of Registered Financial Consultants (IARFC) (the Organization) is a professional association formed to foster public confidence in the financial services profession, to help financial consultants exchange planning techniques and best practices, and to provide access to accreditations and continuing education courses for practitioners who are truly committed to ethical standards and continuous professional education.

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

Temporarily Restricted - Represents 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 - Represents 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.

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.

International Association of Registered Financial Consultants, Inc.

Notes to Financial Statements

June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable represent uncollected amounts due to the Organization 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 \$54,856 at June 30, 2017. Total bad debts recorded for the year ended June 30, 2017, related to membership dues was \$24,206.

Deferred Revenue

Deferred revenue represents membership dues received in advance of the period to which they apply.

Revenue

The Organization's primary source of revenue is membership dues. Member dues are recognized as revenue ratably over the term of the membership.

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 supplementary schedule of functional expenses. Accordingly, certain costs have been allocated to the appropriate programs and supporting services. The Organization does not have any fundraising expenses.

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.

Advertising Costs

Advertising costs are charged to operations when incurred. These expenses amounted to \$3,720 for June 30, 2017.

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.

International Association of Registered Financial Consultants, Inc.

Notes to Financial Statements

June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Tax Status (Continued)

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, 2017, 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, 2017. The 2014 through 2016 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.

Compensated Absences

There is no accrual for compensated absences included in these financial statements, as the Organization is not obligated to pay for unused vacation upon termination.

3. Operating Leases

IARFC leases its office facilities under an annual lease for \$2,000 per month with a term ending June 2019. IARFC leases its copier under an annual lease for \$485 per month with a term ending June 2021. Lease expense for the year ended December 31, 2017, was \$30,338. Future minimum lease payments for the following fiscal years is as follows:

| | | |
|------|----|---------------|
| 2018 | \$ | 29,820 |
| 2019 | | 5,820 |
| 2020 | | 5,820 |
| 2021 | | 5,820 |
| | \$ | <u>47,280</u> |

4. Subsequent Events

Management evaluated the activity of IARFC through August 2, 2018 (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.
Schedule of Functional Expenses
For the Year Ended June 30, 2017

| | Program Services | Management and General | Total |
|-----------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Salaries and contract labor | \$ 85,604 | \$ 207,890 | \$ 293,494 |
| Printing and reproduction | 62,006 | 6,890 | 68,896 |
| Accreditation | 3,915 | 35,234 | 39,149 |
| Rent | 7,585 | 22,753 | 30,338 |
| Bad debts | 21,785 | 2,421 | 24,206 |
| Board of Directors expenses | 0 | 17,098 | 17,098 |
| Utilities | 7,393 | 5,285 | 12,678 |
| Postage and shipping | 9,546 | 2,300 | 11,846 |
| Professional fees | 0 | 9,185 | 9,185 |
| Bank and credit card fees | 4,799 | 4,192 | 8,991 |
| Office and general | 5,834 | 1,945 | 7,779 |
| Dues and subscriptions | 3,108 | 3,108 | 6,216 |
| Computer and website | 2,210 | 3,227 | 5,437 |
| Advertising | 930 | 2,790 | 3,720 |
| Travel | 2,258 | 753 | 3,011 |
| Insurance | 0 | 2,629 | 2,629 |
| Membership services | 1,072 | 1,010 | 2,082 |
| Repair and maintenance | 135 | 1,296 | 1,431 |
| Miscellaneous | 1,292 | 1,292 | 2,584 |
| Total Expenses | <u>\$ 219,472</u> | <u>\$ 331,298</u> | <u>\$ 550,770</u> |

See Independent Auditor's Report.



In this ever-changing business environment, Flagel Huber Flagel goes beyond numbers and deadlines, returning the trust and confidence our clients place in us, with a caring partner relationship. We are committed to a collaborative search for ideas and solutions that help business organizations thrive and families build and preserve wealth. Our commitment is simple; financial and operational *insight*, service *integrity*, and problem solving *innovation*.

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