

**CERTIFIED FINANCIAL PLANNER BOARD  
OF STANDARDS, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2008 AND 2007**

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
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# LarsonAllen<sup>®</sup> LLP

CPAs, Consultants & Advisors  
www.larsonallen.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Certified Financial Planner Board of Standards, Inc.  
Washington, D.C.

We have audited the accompanying statements of financial position of Certified Financial Planner Board of Standards, Inc. ("CFP Board") as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of CFP Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Certified Financial Planner Board of Standards, Inc. as of December 31, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Arlington, Virginia  
June 4, 2009

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2008 AND 2007**

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 11,661,283	\$ 9,366,825
Restricted Cash	-	449,922
Accounts Receivable, Net of Allowance of \$8,347 and \$0 - 2008 and 2007, respectively	40,763	14,606
Prepaid Expenses	245,627	204,063
Prepaid Pension Cost	-	143,257
Total Current Assets	11,947,673	10,178,673
<b>INVESTMENTS</b>	19,205,346	27,233,770
<b>PROPERTY AND EQUIPMENT, NET</b>	902,441	995,821
<b>CFP CERTIFICATION MARKS</b>	27,640	29,905
<b>DEPOSITS AND OTHER</b>	79,596	73,767
Total Assets	\$ 32,162,696	\$ 38,511,936
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 1,378,784	\$ 2,079,094
Deferred Renewal Fees Income	8,360,052	7,988,731
Deferred Exam Fees Income	404,981	448,006
Capital Lease Obligation - Current Portion	3,019	2,440
Total Current Liabilities	10,146,836	10,518,271
<b>DEFERRED RENEWAL FEES INCOME</b> , Net of Current Portion	3,076,029	2,941,065
<b>DEFERRED RENT</b>	253,431	231,177
<b>OTHER NON-CURRENT LIABILITIES</b>	124,676	12,695
Total Liabilities	13,600,972	13,703,208
<b>NET ASSETS</b>		
Unrestricted	18,561,724	24,358,806
Temporarily Restricted	-	449,922
Total Net Assets	18,561,724	24,808,728
Total Liabilities and Net Assets	\$ 32,162,696	\$ 38,511,936

See accompanying Notes to the Financial Statements.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>						
Renewal Fees	\$ 10,775,062	\$ -	\$ 10,775,062	\$ 10,230,309	\$ -	\$ 10,230,309
Exam Fees	4,366,684	-	4,366,684	4,572,930	-	4,572,930
Application Fees	396,045	-	396,045	424,100	-	424,100
Educational Fees	395,900	-	395,900	288,355	-	288,355
Publication Sales	80,775	-	80,775	117,003	-	117,003
Other Revenue	118,514	-	118,514	251,816	-	251,816
Interest and Dividends	761,235	-	761,235	1,143,416	25,251	1,168,667
Release from Restriction	449,922	(449,922)	-	524,320	(524,320)	-
Total Revenues	<u>17,344,137</u>	<u>(449,922)</u>	<u>16,894,215</u>	<u>17,552,249</u>	<u>(499,069)</u>	<u>17,053,180</u>
<b>EXPENSES</b>						
Professional Review and Legal	2,786,385	-	2,786,385	1,716,558	-	1,716,558
Public Policy	396,598	-	396,598	-	-	-
Communication and Marketing	2,934,535	-	2,934,535	2,415,753	-	2,415,753
Examination and Certification	4,030,280	-	4,030,280	2,519,807	-	2,519,807
Education	2,352,774	-	2,352,774	1,126,806	-	1,126,806
General and Administration	2,046,700	-	2,046,700	2,213,103	-	2,213,103
Total Expenses	<u>14,547,272</u>	<u>-</u>	<u>14,547,272</u>	<u>9,992,027</u>	<u>-</u>	<u>9,992,027</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER ITEMS</b>	2,796,865	(449,922)	2,346,943	7,560,222	(499,069)	7,061,153
<b>OTHER ITEMS</b>						
Relocation Costs	-	-	-	(4,805,635)	-	(4,805,635)
Net Unrealized and Realized (Losses) Gains and Investment Fees	(8,593,947)	-	(8,593,947)	1,081,490	-	1,081,490
Cumulative Effect of Change in Accounting Principle - Defined Benefit Plan (SFAS 158)	-	-	-	91,346	-	91,346
Total Other Items	<u>(8,593,947)</u>	<u>-</u>	<u>(8,593,947)</u>	<u>(3,632,799)</u>	<u>-</u>	<u>(3,632,799)</u>
<b>CHANGE IN NET ASSETS</b>	(5,797,082)	(449,922)	(6,247,004)	3,927,423	(499,069)	3,428,354
Net Assets - Beginning of Year	<u>24,358,806</u>	<u>449,922</u>	<u>24,808,728</u>	<u>20,431,383</u>	<u>948,991</u>	<u>21,380,374</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,561,724</u>	<u>\$ -</u>	<u>\$ 18,561,724</u>	<u>\$ 24,358,806</u>	<u>\$ 449,922</u>	<u>\$ 24,808,728</u>

See accompanying Notes to the Financial Statements.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (6,247,004)	\$ 3,428,354
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	277,351	398,937
Loss on Disposal and Impairment of Property and Equipment	-	608,275
Unrealized Loss (Gain) on Investments	8,562,697	(1,087,630)
Realized Loss on Sales of Investments	-	6,140
Changes in Assets and Liabilities:		
Restricted Cash	449,922	499,069
Accounts Receivable	(26,157)	(12,447)
Prepaid Expenses	(41,564)	25,232
Prepaid Pension Cost	143,257	(143,257)
CFP Certification Marks	2,265	3,080
Deposits and Other	(5,829)	(37,839)
Accounts Payable and Accrued Liabilities	(700,310)	1,499,271
Deferred Renewal Fees Income	506,285	528,471
Deferred Examination Fee Income	(43,025)	(62,190)
Deferred Rent	22,254	(481,572)
Deferred Compensation	115,000	-
Net Cash Provided by Operating Activities	3,015,142	5,171,894
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(183,971)	(941,316)
Sales and Maturities of Investments	-	900,000
Purchases of Investments	(534,273)	(5,890,813)
Net Cash Used in Investing Activities	(718,244)	(5,932,129)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of Capital Lease Obligation	(2,440)	-
Net Cash Used in Financing Activities	(2,440)	-
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,294,458	(760,235)
Cash and Cash Equivalents - Beginning of Year	9,366,825	10,127,060
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 11,661,283	\$ 9,366,825
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Assets Purchased through Capital Lease Obligation	\$ -	\$ 15,135

See accompanying Notes to the Financial Statements.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Certified Financial Planner Board of Standards, Inc. (CFP Board), a not-for-profit, was incorporated in the state of Colorado on July 22, 1985. The mission of CFP Board is to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for personal financial planning.

**Income Taxes**

CFP Board is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation.

CFP Board has elected to defer application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. CFP Board follows Financial Accounting Standard No. 5, *Accounting for Contingencies*, for evaluating uncertain tax positions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

**Cash and Cash Equivalents**

For financial statement purposes, CFP Board considers cash, money market accounts, and all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

**Investments**

Investments are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organization's*. Under SFAS No. 124, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Investment income and gains and losses are reported as increases or decreases in unrestricted or temporarily restricted net assets. Net unrealized and realized (losses) gains and investment fees are included in the change in net assets in the accompanying statements of activities.

**Property and Equipment**

Property and equipment is stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets which range from 3 to 10 years. Leasehold improvements are amortized over the lesser of the estimated useful life of the assets or the remaining lease term. CFP Board capitalizes all purchases greater than \$500 with a useful life greater than one year.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

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

**CFP Certification Marks**

Costs associated with the registration of the CFP® certification marks have been capitalized and are amortized on the straight-line basis.

**Net Assets**

Unrestricted net assets represent net assets that are used for general operating purposes.

Temporarily restricted net assets represent funds set aside for Financial Planning Standards Board, Ltd. See Note 3 for further details on the temporarily restricted net assets.

**Revenue Recognition**

For the years ended December 31, 2008 and 2007, 64% and 60%, respectively, of CFP Board's total revenues are derived from renewal fees. Renewal fees are deferred when received and recognized ratably over the period to which they relate, generally 24 months. Renewal fees period is based upon the registrant's date of birth.

Individuals obtaining their CFP® certification are charged a \$100 application fee upon passing the CFP® Certification Examination and fulfilling certain other CFP Board requirements. Application fee income is recognized upon receipt.

CFP Board charges an exam fee of \$595 to candidates applying to sit for the CFP® Certification Examination. Exam fee income is recognized in the month that the candidate takes the examination. The CFP® Certification Examination is administered three times a year, in March, July, and November. Deferred exam fees income represents examination fees that have been received that relate to examinations to be taken in a future period.

Other revenue consists principally of income from meeting revenue and professional review fees. Other revenue is recognized upon shipment of products or as services are provided.

**Advertising**

Advertising costs are expensed in the period in which they are incurred. Advertising expenses for the years ended December 31, 2008 and 2007, were approximately \$79,000 and \$57,000, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All other costs can be specifically identified with a particular function and are charged directly to that function.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measure of Operations**

CFP Board considers relocation costs, net unrealized and realized (losses) gains and investments fees, cumulative effect of change in accounting principle – defined benefit plan (SFAS 158) to be items not included in operations.

**Reclassifications**

Certain reclassifications of 2007 information were made to conform to the 2008 presentation.

**Fair Value of Financial Instruments**

**Fair Value Measurements**

SFAS No. 157, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. CFP Board accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. CFP Board accounts for certain financial assets and liabilities at fair value under various accounting literature, including SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. CFP Board also accounts for certain assets at fair value under applicable industry guidance.

**Fair Value Hierarchy**

In accordance with SFAS No. 157, CFP Board has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

***Level 1***

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that CFP Board has the ability to access. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

**Fair Value Measurements (Continued)**

***Level 2***

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

***Level 3***

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**NOTE 2 CONCENTRATIONS OF RISK**

**Credit Risk**

Financial instruments that subject CFP Board to a concentration of credit risk consist of demand deposits placed with financial institutions. At certain times during fiscal year 2008, CFP Board had funds invested with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC).

**Market Value Risk**

CFP Board invests in mutual funds. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements. Subsequent to December 31, 2008, there has been a substantial decline in fair market value of investments due to change in market conditions and other factors.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 3 TEMPORARILY RESTRICTED NET ASSETS**

On November 30, 2004, CFP Board sold all of its rights in certain certification marks and associated property (the "Marks") for use outside the United States to Financial Planning Standards Board Ltd. (FPSB), a Delaware nonprofit corporation. The terms of the sale require FPSB to continue to use the Marks primarily for certification programs and public educational activities designed to protect and educate consumers in other countries and to cooperate with CFP Board on cross-border certification issues.

In conjunction with the sale of the Marks, CFP Board entered into a \$901,000 Designated Fund Agreement (the "Agreement") with FPSB. The Agreement stipulates that CFP Board shall establish a fund to support international charitable and educational activities (the "Fund").

The Agreement limits the use of the funds to 501(c)(3) purposes as approved by CFP Board. The Agreement shall terminate upon the earlier of (i) November 30, 2011; (ii) 15 days after the receipt by FPSB of written notice from CFP Board that CFP Board reasonably believes termination of the Agreement is necessary to preserve its status as a 501(c)(3) organization; or (iii) the date on which FPSB ceases to operate or exist. As the Agreement limits the use of these funds, these funds have been reflected as temporarily restricted net assets in the accompanying financial statements.

At December 31, 2008, CFP Board had fulfilled the terms of the agreement and, as a result, all amounts were paid out. Included in restricted cash at December 31, 2008 and 2007 are temporarily restricted net assets of \$0 and \$449,922, respectively, which represent funds held in a separate account, pursuant to the terms of the agreement.

**NOTE 4 INVESTMENTS**

CFP Board maintains investments in mutual funds for use towards its mission. Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Investments are stated at market value and consist of the following at December 31, 2008 and 2007:

	2008		2007	
	Market	Cost	Market	Cost
Mutual Funds - Treasury Fund Admiral Shares	\$ 5,587,722	\$ 5,243,142	\$ 5,232,573	\$ 5,089,894
Mutual Funds - Stock Index Fund Signal Shares	-	-	18,471,715	16,796,580
Mutual Funds - International Stock Index Fund	1,972,952	2,968,719	3,529,482	2,911,048
Mutual Funds - Stock Index Fund Institutional Shares	11,644,672	17,119,934	-	-
	<u>\$ 19,205,346</u>	<u>\$ 25,331,795</u>	<u>\$ 27,233,770</u>	<u>\$ 24,797,522</u>

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

The following table presents CFP Board's hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds - Treasury Fund Admiral Shares	\$ -	\$ 5,587,722	\$ -	\$ 5,587,722
Mutual Funds - International Stock Index Fund	1,972,952	-	-	1,972,952
Mutual Funds - Stock Index Fund Institutional Shares	<u>11,644,672</u>	<u>-</u>	<u>-</u>	<u>11,644,672</u>
	<u>\$ 13,617,624</u>	<u>\$ 5,587,722</u>	<u>\$ -</u>	<u>\$ 19,205,346</u>

Interest and dividend income is summarized as follows for the years ended December 31:

	<u>2008</u>	<u>2007</u>
Investments:		
Interest and Dividend Income	\$ 534,272	\$ 452,641
Cash and Cash Equivalents:		
Interest and Dividend Income	<u>226,963</u>	<u>716,026</u>
Total	<u>\$ 761,235</u>	<u>\$ 1,168,667</u>

Net unrealized and realized gains and losses and investment fees consist of the following (excluding interest and dividend income related to investments and cash and cash equivalents) for the year ended December 31:

	<u>2008</u>	<u>2007</u>
Realized Loss	\$ -	\$ (6,140)
Unrealized (Loss) Gain	(8,562,697)	1,087,630
Investment Fees	<u>(31,250)</u>	<u>-</u>
Total	<u>\$ (8,593,947)</u>	<u>\$ 1,081,490</u>

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	2008	2007	Estimated Useful Life
Furniture and Fixtures	\$ 286,529	\$ 144,007	10 years
Leasehold Improvements	382,178	358,484	Life of the Lease
Office Machines and Equipment	559,476	543,015	3-5 years
Capitalized Software and Web Site Development Costs	269,215	267,920	3 years
Total	1,497,398	1,313,426	
Less:			
Accumulated Depreciation and Amortization	594,957	317,605	
Total	\$ 902,441	\$ 995,821	

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

**Operating Leases**

CFP Board rents equipment and office space under operating leases which expire between the years 2010 and 2014. The office space lease specifies scheduled rent increases over the lease term. In addition, CFP Board received a three-month rent concession at the inception of the office space lease. The effects of the office space rent concession and the scheduled rent increases are being recognized by CFP Board on a straight-line basis over the life of the lease. The unrecognized portion of the office space rent concession and increases are reflected as deferred rent on the accompanying statements of financial position.

Future minimum payments for the years ending December 31, are as follows:

For the Years Ending December 31,	Amount
2009	\$ 931,425
2010	953,698
2011	968,543
2012	985,232
2013	1,009,868
Thereafter	171,094
Total	\$ 5,019,860

Office rent expense for the years ended December 31, 2008 and 2007 was approximately \$908,000 and \$586,000, respectively.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 6    COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Conditional Promises to Give**

Conditional promises to give are not included as expense until the conditions are substantially met. In September 2002, CFP Board entered into a grant agreement totaling \$1,946,649, with Texas Tech University (the "University"). Under the terms of the grant agreement, CFP Board may provide up to \$1,946,649 to the University to enable it to increase graduate student enrollment and diversity in its Family Financial program. The grant agreement requires annual maximum installment payments through 2009, upon the satisfaction of certain conditions of the grant agreement. Payments under the grant are conditional upon the University making certain required contributions to the Family Financial Program, increasing graduate student enrollment and satisfying certain other conditions of the grant agreement, as defined. Because of these conditions, CFP Board has not recorded a liability for its promise to give. During 2008 and 2007, CFP Board contributed \$298,513 and \$289,819, respectively, to the University under the grant agreement.

Total annual maximum grant commitments to the University for the year ending December 31, 2009 is \$166,033.

CFP Board entered into grant agreements with recipients around the country to further CFP Board's mission to reach under-served populations and to encourage them to benefit from financial planning. Payments scheduled in future years under the grant agreements are conditional upon the grant recipients meeting certain benchmarks and providing reports demonstrating satisfactory progress, as defined in the grant agreements.

Because of these conditions, CFP Board has not recorded a liability for these promises to give. CFP Board distributed \$413,281 and \$527,527 to grant recipients under the grant agreements during the years ended December 31, 2008 and 2007, respectively.

Total annual maximum grant commitments to the grant recipients are as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2009	\$ 39,789
2010	<u>18,566</u>
Total	<u><u>\$ 58,355</u></u>

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Service Agreement**

Effective January 2005, CFP Board entered into a service agreement (the "Agreement") with an outside administrator to conduct, administer and score the CFP® Certification Examination, including providing test sites for applicants to sit for the exam. Under the terms of the Agreement, CFP Board is required to pay the outside administrator a quarterly administrative fee for services provided as well as a fee for each registered exam candidate. The fee for each registered exam is subject to a guaranteed annual minimum in each year. In addition, the service provider must provide up to 50 sites for exam candidates to sit for the exam. Sites provided in excess of the minimum required under the Agreement are to be provided subject to an additional annual fee, as defined in the Agreement. The Agreement is in effect through January 1, 2010, unless sooner terminated pursuant to certain conditions, as described in the Agreement.

Future minimum payments for the years ending December 31 are as follows:

For the Year Ending December 31,	Administrative Fees	Minimum Registered Exam Fee	Total
2009	\$ 503,988	\$ 344,500	\$ 848,488
2010	127,515		127,515
	\$ 631,503	\$ 344,500	\$ 976,003

During the years ended December 31, 2008 and 2007, fees incurred to this outside administrator totaled \$970,834 and \$906,669, respectively.

**Other Commitments**

During 2007, CFP Board entered into two agreements for server hosting and server management fees related to CFP Board's management information software system.

Future minimum payments for the years ending December 31 are as follows:

For the Years Ending December 31,	
2009	\$ 105,950
2010	99,950
2011	52,463
Total	\$ 258,363

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Hotel Commitments**

CFP Board entered into agreements with hotels for room accommodations for meeting through 2010. These agreements indicate CFP Board is liable for liquidated damages that would result from unsold rooms in the event of cancellation. At December 31, 2008, CFP Board's commitments for liquidated damages assuming no rooms were resold totaled approximately \$25,000.

**Severance**

CFP Board has an employment agreement with its Chief Executive Officer (CEO). Should the CEO be terminated without cause, the agreement requires CFP Board to pay a severance amount according to the terms in the employment agreement.

**NOTE 7 EMPLOYEE RETIREMENT PLANS AND DEFERRED COMPENSATION PLAN**

**Defined Contribution Plan**

CFP Board has a defined contribution 401(k) plan covering substantially all employees who meet certain eligibility requirements. Under the plan, CFP Board makes a base contribution of 3% for all eligible staff. In addition, CFP Board matches employee contributions at a rate of 50% such that the maximum contribution is 6%. During 2008, CFP Board contributed approximately \$223,000 to the plan. For 2007, CFP Board did not make any contributions.

**Deferred Compensation Plan**

On January 1, 2008, CFP Board established a non-qualified deferred compensation plan created for the benefit of its CEO in accordance with Section 457(f) of the Internal Revenue Code. The liability associated with this plan was \$115,000 at December 31, 2008 and is included as deferred compensation in the accompanying statements of financial position.

On December 1, 2008, CFP Board established a non-qualified deferred compensation plan created for the benefit of certain employees in accordance with Section 457(b) of the Internal Revenue Code. No obligation existed as of December 31, 2008.

**Defined Benefit Pension Plan**

Effective January 1, 2006, CFP Board adopted a qualified defined benefit plan for all eligible employees. Benefits are based on years of service and the employees' compensation during the last five years of employment. The annual measurement date for pension benefits is December 31.

Effective December 31, 2007, the plan was amended and frozen and, as a result, the accrual of future benefits ceased. The effects of this plan curtailment were recognized in 2007. During 2008 CFP Board terminated the plan. As a result all assets were liquidated and benefits were paid out during 2008.

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**NOTE 7 EMPLOYEE RETIREMENT PLANS AND DEFERRED COMPENSATION PLAN  
(CONTINUED)**

**Defined Benefit Pension Plan (Continued)**

Effective December 31, 2007, CFP Board adopted the recognition provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Plans and Other Postretirement Plans*. As required by SFAS No. 158, CFP Board must recognize the funded status of the plan, the difference between the fair value of plan assets and the projected benefit obligation, in the statements of financial position.

SFAS 158 requires for fiscal years ending after December 15, 2008, that plan assets and benefit obligations be measured as of CFP Board's fiscal year-end with earlier adoption encouraged. The measurement dates used for the plan disclosures are as of December 31, 2008 and 2007.

The following table sets forth the defined benefit plan's funded status at December 31, 2008 and 2007:

	2008	2007
Fair Value of Plan Assets	\$ -	\$ 301,680
Projected Benefit Obligation	-	158,423
Funded Status	\$ -	\$ 143,257
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at Beginning of Year	\$ 301,680	\$ 284,465
Actual Return on Plan Assets	(8,611)	17,215
Benefits paid to Plan Participants	(293,069)	-
Fair Value of Plan Assets at End of Year	\$ -	\$ 301,680
<b>Components of Net Periodic Benefit Costs</b>		
Service Cost	\$ -	\$ 196,920
Interest Cost	11,232	11,147
Expected Return on Plan Assets	(22,626)	(21,335)
Amortization of Net Actuarial Gain	(1,487)	(3,224)
Effect of Curtailment/Settlement	64,792	(235,419)
Net Periodic Benefit Cost	\$ 51,911	\$ (51,911)

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.  
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**NOTE 7 EMPLOYEE RETIREMENT PLANS AND DEFERRED COMPENSATION PLAN  
(CONTINUED)**

**Defined Benefit Pension Plan (Continued)**

The assumptions are as follows:

	2008	2007
<b>Actuarial Assumptions</b>		
Assumptions Used to Determine Benefit		
Obligations at December 31:		
Discount Rate	6.00%	6.00%
Expected Long-Term Return on Plan Assets	7.50%	7.50%
Rate of Compensation Increase	4.50%	4.50%
	2008	2007
<b>Change in Projected Benefit Obligation</b>		
Projected Benefit Obligation at Beginning of Year	\$ 158,423	\$ 271,819
Service Cost	-	196,920
Interest Cost	11,232	11,147
Curtailment Loss (Gain)	94,634	(235,419)
Actuarial Loss (Gain)	28,780	(86,044)
Benefits Paid	(293,069)	-
	\$ -	\$ 158,423

There are no projected contributions for the year ending December 31, 2009.

CFP Board's pension plan asset allocations by asset category presented as a percentage of total plan assets are as follows at December 31:

	2008	2007
Cash and Cash Equivalents	0%	3%
Debt Securities	0%	27%
Equity Securities	0%	70%
	0%	100%

CFP Board's investment policy is 60% equities and 40% bonds with a tactical asset allocation shift. The 2007 shift is weighted to equities by 10%.

CFP Board attempts to mitigate investment risk by selecting a diversified portfolio between stocks and bonds and by having Wells Fargo as the discretionary trustee.

**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**  
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**NOTE 8 RELOCATION COSTS**

On April 11, 2007, CFP Board announced its plan to relocate its business operations to Washington, DC by the end of 2007. After careful study, the Board of Directors concluded that the future success of CFP Board would be enhanced upon its close proximity to regulators, policymakers and other industry and credentialing organizations that influence debates within the industry. CFP Board moved into its new Washington, DC location on November 19, 2007. One-time relocation expenses of approximately \$4.8 million are reflected on the accompanying financial statements. Property and equipment purchases related to the relocation for the year ended December 31, 2007 were approximately \$900,000.