

NAIFA says audit confirms group's financial turnaround

Copyright. InsuranceTimes™ © 2003 by M&S Communications, Inc. All rights reserved. December 23, 2003

An independent audit of the National Association of Insurance and Financial Advisors' (NAIFA) consolidated financial statements for the fiscal year ending August 31, 2003, confirmed that the association and its affiliates are operating at a much-improved level compared to the previous two fiscal cycles.

NAIFA said the audit, conducted by Raffa, P.C., of Washington, D.C., provides proof that NAIFA has begun a substantial financial turnaround.

Just a year ago, an independent review of NAIFA's FY 2002 financial statements raised doubt about its future. That audit reported a consolidated loss of nearly \$2.7 million — the second consecutive year that NAIFA had experienced a loss. Raffa's report of NAIFA's FY 2003 statements raised no such concerns about NAIFA's financial viability.

"We are very pleased with the results, which are attributable to the combined efforts of our volunteer leadership, management and staff," said David F. Woods, CLU, ChFC, NAIFA's chief executive officer.

"These are great results given that we had to pay the District of Columbia a tax assessment for a previous year and make up for an accounting error made in 2002."

During FY 2003, NAIFA implemented several changes to reverse course:

- NAIFA reduced its staff by 15 people in August 2002, and further reduced its staff by 6 more as part of a major organizational restructuring in February and March 2003, saving over \$500,000 in 2003, and resulting in what will be a greater annual savings in 2004.

- The restructuring eliminated the business development department and redistributed its functions to other existing departments.

- The government affairs and law departments were merged, saving \$275,000 from the 2003 budget. These savings will annualize for 2004, resulting in a projected savings of about \$400,000.

- Several unprofitable educational programs and meetings were eliminated for 2003, reducing costs by approximately \$200,000.

- As part of the restructuring, Advisor Today, NAIFA's official publication, hired an advertising sales manager and filled a vacancy for an advertising representative. NAIFA then combined trade show sponsorships and sales under the auspices of a single sales manager.

"Although NAIFA continues to face financial challenges, these measures to reduce expenses, as reflected by the FY 2003 audit, have helped to steer the association toward stable fiscal operations," said Steve Siesser, NAIFA's vice president of finance. "Our goal is to build on this stability in 2004 and build reserves back to a healthy level."

NAIFA's complete consolidated financial statements for FY 2003 are

available at the NAIFA website at www.naifa.org/pdf/2003_financial_statement.pdf . □