INTERNATIONAL COACH FEDERATION, INC.
AND SUBSIDIARY

LEXINGTON, KENTUCKY

CONSOLIDATED FINANCIAL STATEMENTS
REPORT OF INDEPENDENT AUDITORS

MARCH 31, 2017

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CPAs / ADVISORS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
International Coach Federation, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of International Coach Federation, Inc. and its subsidiary (both nonprofit organizations and hereby referred to collectively as the "Organization"), which comprise the consolidated statements of financial position as of March 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
International Coach Federation, Inc. and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 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.

Blue & Co., LLC

Lexington, Kentucky
August 10, 2017

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

ASSETS	
Current assets:	
Cash and cash equivalents	$ 7,274,985
Investments	6,357,453
Accounts receivable	253,005
Prepaid expenses	347,061
Total current assets	14,232,504
Website development costs	611,020
Accumulated amortization	(345,226)
Website development, net	265,794
Total assets	$ 14,498,298
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 650,957
Deferred revenue	4,112,621
Total current liabilities	4,763,578
Net assets:	
Unrestricted	9,734,720
Total liabilities and net assets	$ 14,498,298

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2017

Revenues:	
Memberships	$ 6,648,552
Credentialing	3,314,452
Miscellaneous	347,563
Conferences	215,407
Investment income	161,780
Realized and unrealized gains, net	132,226
Research and development	27,590
Total revenues	10,847,570
Expenses:	
Chapter development	1,614,946
Public relations	1,541,999
Credentialing	1,486,766
Membership	1,144,785
Events	774,990
Administrative	561,838
Committee	446,315
Research and development	417,415
Technology	385,833
Education	237,570
Foundation expense	153,973
Ethics	78,754
Prism	38,142
Total expenses	8,883,326
Change in unrestricted net assets	1,964,244
Net assets, beginning of year	7,770,476
Net assets, end of year	$ 9,734,720

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

Cash flows from operating activities:	
Change in unrestricted net assets	$ 1,964,244
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Amortization	139,134
Realized and unrealized losses (gains), net	(132,226)
Changes in operating assets and liabilities:	
Accounts receivable	786,804
Prepaid expenses	(39,510)
Accounts payable	(225,440)
Deferred revenue	(732,326)
Net cash provided by operating activities	1,760,680
Cash flows from investing activities:	
Website development costs	(33,294)
Purchase of investments	(2,693,344)
Proceeds from sales and maturities of investments	2,081,923
Net cash used by investing activities	(644,715)
Net increase (decrease) in cash and cash equivalents	1,115,965
Cash and cash equivalents at beginning of year	6,159,020
Cash and cash equivalents at end of year	$ 7,274,985

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of International Coach Federation, Inc. (the Federation), and its wholly owned subsidiary International Coach Federation Foundation, Inc., (the Foundation; collectively referred to as ICF) is presented to assist in understanding ICF's consolidated financial statements. The consolidated financial statements and notes are representations of ICF's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the consolidated financial statements. All significant inter-company accounts and transactions have been eliminated in consolidation.

Nature of Activities

The Federation was organized on November 13, 1996 for the purpose of providing a worldwide resource for individuals seeking to become professional coaches. It is a non-profit individual membership organization formed by professionals worldwide who practice and/or teach business and personal coaching. It exists to build, support and preserve the integrity of the coaching profession through programs and standards advanced by the individual membership.

The Foundation is a non-profit whose purpose is to provide pro bono coaching, conduct research related to the coaching profession and fund and provide scholarships to individual members of the Federation.

Basis of Accounting

The consolidated financial statements of ICF have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Basis of Presentation

As noted above, the consolidated financial statements of ICF have been prepared in accordance with accounting principles generally accepted in the United States of America. Under the provisions set forth therein, ICF is required to report information regarding its financial position and activities under three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets represent net assets that are not subject to any donor-imposed stipulations. Temporarily restricted net assets represent net assets subject to donor-imposed stipulations, which may be satisfied by fulfillment of actions or the passage of time. Permanently restricted net assets represent net assets subject to donor-imposed restrictions, whereby ICF is only permitted to use the income earned on such assets. ICF has no temporarily or permanently restricted net assets.

Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash on hand, certificates of deposits, and all highly liquid investments with a maturity of three months or less when purchased.

Accounts Receivable

Accounts receivable consist of fees owed for memberships and other miscellaneous charges. Receivables are considered past due based on contractual terms and collateral is not required. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the account receivable. Management believes there is no risk of loss associated with the receivables at March 31, 2017. Accordingly, no provision for bad debts has been provided for in the accompanying consolidated financial statements.

Investments and Investment Return

Investments are carried at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the statement of activities in the period in which such changes occur. Interest and dividend income is recorded when earned.

Website Development and Computer Software

Expenditures associated with website development, and computer software in excess of $1,000, are capitalized and recorded at cost as of the date of acquisition. Amortization is recorded using the straight-line method over an estimated useful life of three years.

Income Taxes

The Federation is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code (the Code). The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Code. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by ICF and recognize a tax liability if ICF has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by ICF, and has concluded that as of March 31, 2017 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. ICF is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

ICF has filed its federal income tax returns for periods through March 31, 2016. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Membership Dues

Revenue for membership dues is recognized as earned throughout the term of membership. Dues that are paid in advance are included as deferred revenue.

Deferred Revenue

Deferred revenue consists primarily of advances received for membership dues for the upcoming fiscal year.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expense for the year ended March 31, 2017 amounted to approximately $431,800 and is included in public relations expenses on the consolidated statement of activities.

Allocation of Expenses

The costs of providing the various programs and activities have been summarized in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Although the methods used were appropriate, alternative methods may have provided different results. For the year ended March 31, 2017 program expenses were approximately $8,321,000 and administrative expenses were approximately $562,000.

Use of Estimates

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Subsequent Events

ICF evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 10, 2017 which is the date the consolidated financial statements were available to be issued.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period one year from the date the consolidated financial statements are available to be issued.

2. CONCENTRATIONS

ICF maintains its cash balances at a financial institution in Lexington, Kentucky. The Federal Deposit Insurance Corporation (FDIC) insures up to $250,000. During the year, the balance may exceed the FDIC insured amount. Cash deposits in excess of the federally insured limits totaled approximately $6,101,000 at March 31, 2017.

3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuations methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

ICF accounts for transfers between the levels within the fair value hierarchy at the end of the reporting period. There were no changes in the valuation methods used, and no transfers between classes, during the year ended March 31, 2017.

Following is a description of the valuation methodologies used for assets measured at fair value:

- Money market mutual funds: Generally transact subscription and redemption activity at a $1 stable net asset value (NAV) however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.

- Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

- Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

- Municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

- Exchange-traded funds: Valued at the daily closing prices as reported by the fund. Exchange-traded funds held by the organization are open-ended funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

The following table sets forth by level, within the hierarchy, ICF's assets measured at fair value:

	Level 1	Level 2	Level 3	Balance as of March 31, 2017
Fixed income securities:				
Corporate bonds	$ -0-	$ 3,044,877	$ -0-	$ 3,044,877
Municipal bonds	-0-	229,108	-0-	229,108
Exchange-traded funds	1,080,407	-0-	-0-	1,080,407
Equities	1,835,597	-0-	-0-	1,835,597
Money market mutual fund	-0-	167,464	-0-	167,464
Total	$ 2,916,004	$ 3,441,449	$ -0-	$ 6,357,453

4. AGREEMENT WITH ASSOCIATIONS INTERNATIONAL, LLC

Effective April 1, 2010, ICF entered into an agreement (the Agreement) with IMG College (IMG). IMG was acquired by Associations International, LLC (AI) during 2011. Under the terms of the Agreement, AI shall maintain a core staff of personnel as may be required to perform the management services and maintain the standard quality of performance of the Agreement (the Staff). AI agrees to provide all wages, compensation, and benefits, to the Staff, as well as all administrative costs associated with the Staff and the operation of the Staff's office.

The Agreement, originally set to expire March 31, 2015, was extended through March 31, 2020. After March 31, 2020, the term of the Agreement shall automatically renew for an additional one (1) year period. Either party shall have the right to terminate this agreement renewal by providing written notice to the other party on or before January 1, 2020 of its desire not to renew the contract for the additional one year period, in which event the Agreement will terminate March 31, 2020. If such termination occurs, all rights and obligations of ICF and AI shall end, except that AI shall remain obligated to account for and remit to ICF all moneys of ICF in its possession or under its control. The Agreement was amended and effective on March 23, 2017, to reflect updated annual management fee amounts.

The annual management fee at March 31, 2017 was $3,727,428. The annual management fee for the fiscal year ending March 31, 2018 is $4,193,040 plus an amount equal to the change in the annual Consumer Price Index (CPI) as published in the United States Department of Labor Bureau of Labor Statistics for the prior contract year plus 1%. For the years thereafter, the annual fee will continue to increase by an amount equal to the change in the annual CPI for the prior contract year plus 1%.

In addition to the management fee, AI incurs out-of-pocket expenses for ICF for items such as, pre-approved travel on ICF matters, office supplies, postage and long-distance telephone charges, printing, audio/visual services, and other costs for resources provided to and used solely by ICF. ICF is to reimburse AI for these costs on a monthly basis.

During the term of the Agreement, ICF grants to AI a personal, nontransferable, royalty-bearing, exclusive worldwide license to use ICF’s name, the letters “ICF”, the ICF's logo, and any other trademarks, solely in connection with providing management services as defined in the Agreement.

During the term of the Agreement, AI shall be entitled to retain thirty percent of any and all Gross Corporate Sponsor Revenues, as defined. AI shall pay ICF a Corporate Sponsorship Royalty equal to seventy percent of any and all gross corporate sponsor revenues.

The amounts due to and from AI were as follows at March 31:

	2017
Accounts receivable, due from AI	$ 172,304
Accounts payable, due to AI	$ 4,196

5. CONFERENCE AGREEMENTS

The Federation has entered into several commitments related to planned conferences for fiscal year 2018 totaling approximately $130,000 which would be payable in the event of cancellation. There are additional agreements entered into for which a commitment value is not readily determinable. The liability is based upon the hotel's room capacity on the date the event would have taken place.

6. ADOPTION OF NEW PRONOUNCEMENT

During 2017, ICF adopted Accounting Standards Update (ASU) No 2014-15, *Presentation of Financial Statements - Going Concern (Topic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU No. 2014-15 requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the consolidated financial statements are available to be issued. When conditions or events that raise substantial doubt exist, additional disclosures will be required to enable financial statement users to understand those conditions or events, management's evaluation of them and management's plan that either alleviated substantial doubt, or are intended to mitigate the conditions or events that raise substantial doubt. The adoption of ASU No. 2014-15 did not have a material effect on the accompanying consolidated financial statements.

7. UPCOMING PRONOUNCEMENTS

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09*, Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date for all entities by one year. These new standards, which ICF is not required to adopt until its year ending March 31, 2020, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard, which ICF is not required to adopt until its year ending March 31, 2021, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheet the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's balance sheet.

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958*) that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which ICF is not required to adopt until its year ending March 31, 2019, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This ASU completes the first phase of a two phase project to amend not-for-profit financial reporting requirements.

ICF is presently evaluating the effects that these ASUs will have on its future consolidated financial statements, including related disclosures.