



**INTERNATIONAL COACH FEDERATION, INC.
AND SUBSIDIARY**

LEXINGTON, KENTUCKY

**CONSOLIDATED FINANCIAL STATEMENTS
REPORT OF INDEPENDENT AUDITORS**

MARCH 31, 2019 AND 2018

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

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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, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, effective January 1, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Blue & Co., LLC

Lexington, Kentucky
June 13, 2019

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION MARCH 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 7,620,292	\$ 5,773,800
Investments	8,577,364	8,342,680
Accounts receivable	262,499	202,809
Prepaid expenses	<u>648,867</u>	<u>452,071</u>
Total current assets	17,109,022	14,771,360
Website development costs	526,210	526,210
Accumulated amortization	<u>(451,256)</u>	<u>(304,069)</u>
Website development, net	74,954	222,141
Total assets	<u><u>\$ 17,183,976</u></u>	<u><u>\$ 14,993,501</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 968,620	\$ 907,865
Deferred revenue	<u>4,638,426</u>	<u>3,972,790</u>
Total current liabilities	<u>5,607,046</u>	<u>4,880,655</u>
Net assets:		
Without donor restrictions	<u>11,576,930</u>	<u>10,112,846</u>
Total liabilities and net assets	<u><u>\$ 17,183,976</u></u>	<u><u>\$ 14,993,501</u></u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES MARCH 31, 2019 AND 2018

	2019	2018
Revenues:		
Memberships	\$ 7,696,970	\$ 7,005,461
Credentialing	3,200,522	2,331,620
Programs	962,940	817,565
Conferences	332,148	1,518,536
Investment income	284,799	214,454
Royalties	244,609	227,698
Realized and unrealized gains, net	134,521	125,998
Contributions	101,482	71,856
Miscellaneous	30,128	40,346
Grants	21,300	71,975
Research and development	18,170	157,150
	<hr/>	<hr/>
Total revenues	13,027,589	12,582,659
Expenses:		
Program services	5,424,170	6,283,948
Supporting services:		
Membership services	4,983,634	4,588,189
Management and general	1,127,657	1,300,942
Fundraising	28,044	31,454
	<hr/>	<hr/>
Total expenses	11,563,505	12,204,533
Change in net assets without donor restrictions	1,464,084	378,126
Net assets, without donor restrictions, beginning of year	<hr/>	<hr/>
	10,112,846	9,734,720
Net assets, without donor restrictions, end of year	<hr/> <hr/>	<hr/> <hr/>
	\$ 11,576,930	\$ 10,112,846

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2019

	Supporting services				Total
	Program services	Membership development	Management and general	Fundraising	
Accounting	\$	\$	\$ 7,385	\$	\$ 7,385
Advertising and promotion	11,463	699,825			711,288
Amortization	73,593	73,593			147,186
Bank and credit card fees	170,691	285,013	59,356		515,060
Chapter and membership	214,036	269,643	453		484,132
Chapter rebates		805,980			805,980
Coaching and training	105,963	5,053	33,022		144,038
Consulting	54,959	23	13,441		68,423
Contract labor	16,556	529			17,085
Credentialing	737,753	523,976			1,261,729
Currency exchange fees		100,942			100,942
Facility rental	61,875				61,875
Fundraising development				15,938	15,938
Information technology	403,024	21,612	11,666		436,302
Insurance	2,792		21,684		24,476
Legal			32,099		32,099
Licensing fees	3,539	539	750		4,828
Management fees	2,585,828	1,940,863	528,155	12,106	5,066,952
Meals	80,483		68,901		149,384
Meetings	308,793	49,098	91,393		449,284
Miscellaneous	25,024		11,369		36,393
Office expense	42,448	42,862	26,881		112,191
Programming fees	27,496	27,496			54,992
Registration and tradeshow	75,689	70,797			146,486
Regulatory evaluation	11,481	5,981			17,462
Speaker fees	26,505				26,505
Supplies	28,839	18,348			47,187
Translation services		10,442			10,442
Travel	355,340	31,019	221,102		607,461
Total expenses	<u>\$ 5,424,170</u>	<u>\$ 4,983,634</u>	<u>\$ 1,127,657</u>	<u>\$ 28,044</u>	<u>\$ 11,563,505</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2018

	Supporting services				Total
	Program services	Membership development	Management and general	Fundraising	
Accounting	\$	\$	\$ 6,963	\$	\$ 6,963
Advertising and promotion	5,346	544,197			549,543
Amortization		72,747			72,747
Bank and credit card fees	172,463	249,705	55,089		477,257
Chapter and membership	634,096	237,641			871,737
Chapter rebates		741,007			741,007
Coaching and training	73,595	6,063	43,011		122,669
Consulting	272,482	1,352	139,335		413,169
Contract labor	8,760	20,738			29,498
Credentialing	475,411	435,667			911,078
Currency exchange fees		101,860			101,860
Facility rental	40,917				40,917
Fundraising development				15,914	15,914
Information technology	266,464	51,734	1,481		319,679
Insurance	6,190		18,114		24,304
Legal			60,087		60,087
Licensing fees	6,715	3,715			10,430
Management fees	2,415,795	1,814,912	416,784	15,540	4,663,031
Meals	503,510		87,001		590,511
Meetings	518,882	49,487	34,194		602,563
Miscellaneous	22,527		12,380		34,907
Office expense	19,524	62,196	55,292		137,012
Programming fees	31,111	31,111			62,222
Registration and tradeshow	86,560	79,993			166,553
Regulatory evaluation	5,542	3,042			8,584
Speaker fees	15,777				15,777
Supplies	70,726	27,181			97,907
Translation services		11,107			11,107
Travel	631,555	42,734	371,211		1,045,500
Total expenses	<u>\$ 6,283,948</u>	<u>\$ 4,588,189</u>	<u>\$ 1,300,942</u>	<u>\$ 31,454</u>	<u>\$ 12,204,533</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2019 AND 2018

Cash flows from operating activities:	<u>2019</u>	<u>2018</u>
Change in net assets without donor restrictions	\$ 1,464,084	\$ 378,126
Adjustments to reconcile net assets without donor restrictions to net cash provided by operating activities:		
Amortization	147,187	145,494
Realized and unrealized losses (gains), net	(134,521)	(125,998)
Changes in operating assets and liabilities:		
Accounts receivable	(59,690)	50,196
Prepaid expenses	(196,796)	(105,010)
Accounts payable	60,755	256,908
Deferred revenue	665,636	(139,831)
Net cash provided by operating activities	<u>1,946,655</u>	<u>459,885</u>
 Cash flows from investing activities:		
Website development costs	-0-	(101,841)
Purchase of investments	(5,457,330)	(5,521,921)
Proceeds from sales and maturities of investments	5,357,167	3,662,692
Net cash used by investing activities	<u>(100,163)</u>	<u>(1,961,070)</u>
 Net change in cash and cash equivalents	 1,846,492	 (1,501,185)
 Cash and cash equivalents at beginning of year	 <u>5,773,800</u>	 <u>7,274,985</u>
 Cash and cash equivalents at end of year	 <u>\$ 7,620,292</u>	 <u>\$ 5,773,800</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

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

The consolidated financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of ICF are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.
- Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes. There were no net assets with donor restrictions at March 31, 2019 and 2018.

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

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, 2019 and 2018. 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, 2019 and 2018 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.

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

ICF has filed its federal income tax returns for periods through March 31, 2018. 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, 2019 and 2018 amounted to approximately \$465,000 and \$430,000, respectively 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 on a functional basis in the statements of activities and functional expenses. Direct costs are allocated by project. Management fees, chapter and membership, meetings, travel, information technology, programming fees and depreciation are allocated based on estimates of time and effort. Although the methods used were appropriate, alternative methods may have provided different results.

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.

Reclassifications

Reclassifications were made for revenues and expenses previously reported in order for them to be in conformity with the current year presentation. There was no effect on assets, liabilities, net assets, or change in net assets as reported in the prior year.

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

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 June 13, 2019 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 \$6,131,000 and \$4,599,000 at March 31, 2019 and 2018, respectively.

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.

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

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 years ended March 31, 2019 and 2018.

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 and municipal bonds and bank certificates of deposit: 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 presents ICF's assets measured at fair value at March 31, 2019:

	Level 1	Level 2	Level 3	Balance as of March 31, 2019
Fixed income securities:				
Corporate bonds	\$ -0-	\$ 5,007,981	\$ -0-	\$ 5,007,981
Municipal bonds	-0-	513,945	-0-	513,945
Bank certificate of deposit	-0-	175,785	-0-	175,785
US government bonds	-0-	197,147	-0-	197,147
Equities	2,330,470	-0-	-0-	2,330,470
Money market mutual fund	-0-	352,036	-0-	352,036
Total	<u>\$ 2,330,470</u>	<u>\$ 6,246,894</u>	<u>\$ -0-</u>	<u>\$ 8,577,364</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

The following table presents ICF's assets measured at fair value at March 31, 2018:

	Level 1	Level 2	Level 3	Balance as of March 31, 2018
Fixed income securities:				
Corporate bonds	\$ -0-	\$ 4,656,582	\$ -0-	\$ 4,656,582
Municipal bonds	-0-	211,807	-0-	211,807
Exchange-traded funds	1,070,165	-0-	-0-	1,070,165
US government bonds	-0-	193,581	-0-	193,581
Equities	2,070,418	-0-	-0-	2,070,418
Money market mutual fund	-0-	140,127	-0-	140,127
Total	\$ 3,140,583	\$ 5,202,097	\$ -0-	\$ 8,342,680

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 June 4, 2018, to reflect updated annual management fee amounts.

The annual management fee at March 31, 2019 was approximately \$5,066,000. The annual management fee for the fiscal year ending March 31, 2020 is approximately \$5,205,000 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% (the Change Rate). For the years thereafter, the annual fee will continue to be adjusted by the Change Rate.

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.

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

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:

	2019	2018
Accounts receivable, due from AI	\$ 159,441	\$ 147,176
Accounts payable, due to AI	\$ (786)	\$ 8,998

5. CONFERENCE AGREEMENTS

The Federation has entered into several commitments related to planned conferences for fiscal year 2020 totaling approximately \$16,000 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 on the hotel's room capacity on the date the event would have taken place.

6. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. The Organization has adjusted the presentation of its 2018 financial statements herein and retrospectively restated the prior year financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 7), and disclosures related to the functional allocation of expenses were included in the accompanying statement of functional expenses.

The impact of the adoption of ASU No. 2016-14 on the Organization's net assets are as follows:

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

Statement of Financial Position

	As previously stated, March 31, <u>2018</u>	<u>Adjustment</u>	As restated, March 31, <u>2018</u>
Unrestricted net assets	\$ 10,112,846	\$ (10,112,846)	\$ -0-
Without donor restrictions		<u>10,112,846</u>	<u>10,112,846</u>
Total net assets	<u>\$ 10,112,846</u>	<u>\$ -0-</u>	<u>\$ 10,112,846</u>

Statement of Activities

	As previously stated, March 31, <u>2018</u>	<u>Adjustment</u>	As restated, March 31, <u>2018</u>
Change in unrestricted net assets	\$ 378,126	\$ (378,126)	\$ -0-
Change in net assets without donor restrictions		<u>378,126</u>	<u>378,126</u>
Total changes in net assets	<u>\$ 378,126</u>	<u>\$ -0-</u>	<u>\$ 378,126</u>

There was no impact to the statement of cash flows as a result of adopting this ASU.

7. AVAILABILITY OF FINANCIAL ASSETS

ICF is supported by program service revenue to meet its ongoing obligations. As part of ICF's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. ICF invests cash in excess of daily requirements in short-term investments.

The following reflects ICF's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 7,620,292	\$ 5,773,800
Investments, money market mutual funds	352,036	140,127
Accounts receivable	<u>262,499</u>	<u>202,809</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 8,234,827</u>	<u>\$ 6,116,736</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

8. 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 June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, ASU 2018-08 amends the “simultaneous release accounting policy” to allow an NFP entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Organization will be required to adopt this new standard in the year ending December 31, 2019.

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