

INTERNATIONAL COACH FEDERATION, INC.

FINANCIAL STATEMENTS

March 31, 2008 and 2007

INTERNATIONAL COACH FEDERATION, INC.

FINANCIAL STATEMENTS
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Crowe Chizek and Company LLC
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
International Coach Federation, Inc.
Lexington, Kentucky

We have audited the accompanying consolidated statements of financial position of International Coach Federation, Inc. as of March 31, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Coach Federation, Inc. as of March 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Lexington, Kentucky
July 30, 2008

INTERNATIONAL COACH FEDERATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 2,768,186	\$ 1,963,241
Accounts receivable	48,390	31,754
Prepaid expenses	<u>75,797</u>	<u>28,222</u>
Total assets	<u>\$ 2,892,373</u>	<u>\$ 2,023,217</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 59,571	\$ 105,191
Deferred income	<u>1,461,528</u>	<u>1,089,523</u>
Total liabilities	<u>1,521,099</u>	<u>1,194,714</u>
Net assets - unrestricted	<u>1,371,274</u>	<u>828,503</u>
Total liabilities and net assets	<u>\$ 2,892,373</u>	<u>\$ 2,023,217</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended March 31,

	<u>2008</u>	<u>2007</u>
Revenues		
Membership income	\$ 2,132,936	\$ 1,744,579
Conference income	1,155,500	971,691
Credentialing income	440,827	421,015
Referral services income	3,126	92,520
Interest income	64,576	44,947
Research and development income	8,370	21,775
Miscellaneous income	<u>20,521</u>	<u>27,899</u>
Total revenues	3,825,856	3,324,426
 Expenses		
Membership	39,071	177,950
Administrative	1,686,938	1,402,157
Conference	933,448	742,837
Credentialing	30,475	36,625
Referral service	-	50,504
Committee	205,490	102,768
Research and development	40,769	163,553
General	<u>346,894</u>	<u>162,021</u>
Total expenses	<u>3,283,085</u>	<u>2,838,415</u>
 Change in net assets	542,771	486,011
 Unrestricted net assets, beginning of year	<u>828,503</u>	<u>342,492</u>
 Unrestricted net assets, end of year	<u>\$ 1,371,274</u>	<u>\$ 828,503</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL COACH FEDERATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ 542,771	\$ 486,011
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in		
Accounts receivable	(16,636)	12,091
Prepaid expenses	(47,575)	7,366
Accounts payable	(45,620)	(35,913)
Deferred income	<u>372,005</u>	<u>332,019</u>
Net change in cash	804,945	801,574
Cash at beginning of year	<u>1,963,241</u>	<u>1,161,667</u>
Cash at end of year	<u>\$ 2,768,186</u>	<u>\$ 1,963,241</u>

See accompanying consolidated notes to financial statements.

INTERNATIONAL COACH FEDERATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: The International Coach Federation, Inc. (ICF) was formed on November 13, 1996. ICF is the primary worldwide resource for business and personal coaches and the source for those who are seeking a coach. ICF 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.

Basis of Accounting: The consolidated financial statements include the accounts of ICF and its wholly-owned subsidiary, International Coach Foundation (the "Foundation"). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand and deposits in financial institutions.

Concentration of Credit Risk: The Federal Deposit Insurance Corporation insures financial institution depositors up to \$100,000. ICF uses a sweep account to invest deposit balances exceeding \$100,000 into government securities. As of March 31, 2008, ICF deposits exceeding \$100,000 amounted to \$2,584,354.

Accounts Receivable: Accounts receivable consist primarily of fees and dues past due for the coming year. ICF considers these accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts has been provided. Management reviews accounts receivable on a monthly basis. Any losses are charged-off when management deems further collection efforts will not produce recoveries.

Revenue Recognition and Deferred Revenue: The majority of ICF's revenues consist of conference related income and member dues. Conference income is generated over the course of the year and deferred until completion of the event. Member dues are billed for the coming membership year and are reported as deferred revenue. Member dues are amortized monthly on a straight-line basis.

Functional Expenses: Total expenses are broken out into program and administrative components as shown below:

	<u>2008</u>	<u>2007</u>
Program service expenses	\$ 1,596,147	\$ 1,436,258
Administrative expenses	<u>1,686,938</u>	<u>1,402,157</u>
	<u>\$ 3,283,085</u>	<u>\$ 2,838,415</u>

(Continued)

INTERNATIONAL COACH FEDERATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates in the Financial Statements: 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes: ICF is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. The Foundation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Foundation has not been determined to be a private foundation under section 509(a) of the Internal Revenue Code.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 - MANAGEMENT AGREEMENT

Pursuant to a 5-year cancelable contract, IMG Worldwide, Inc. (IMG) provides management, administrative, promotional and program services and facilities that are appropriate and necessary to carry out ICF's operations, objectives, and goals.

Under the terms of the management contract, IMG provides offices, which serve as the headquarters of ICF and a staff of approximately 15 people who assist in ICF's affairs. The management fee paid to IMG under the contract covers rent for office and conference space, office overhead, including utilities and janitorial services; computer equipment usage; furniture; telephone lines and instruments; employee salaries; plus all fringe benefits; and any extra staffing resources required to promote the activities of ICF. ICF's noncancelable management fee contracts run from May through April. The contract amount for the period ended April 30, 2008 and April 30, 2007 was \$1,563,688 and \$1,193,881.

In addition to the management contract fee, IMG provides various resources to ICF at cost. These include, but are not limited to, airline tickets, usage of the IMG postage meter, some office supplies, telephone charges, printing and audio/visual services.

Payments to IMG, included in administrative expenses in the statement of activities, were as follows:

	<u>2008</u>	<u>2007</u>
Management fee	\$ 1,536,755	\$ 1,181,382

(Continued)

INTERNATIONAL COACH FEDERATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 - CONFERENCE AGREEMENTS

ICF has entered into commitments for the 2008 conference exposition totaling approximately \$585,624, which would be payable in the event of cancellation. ICF has obtained a convention cancellation insurance policy to mitigate loss in the event that the Annual Conference is cancelled.