Investments and Wealth Institute

Financial Report

with Schedule of Revenues and Expenses - Budget to Actual

December 31, 2018

Investments and Wealth Institute

Contents

Independent Auditor's Report

To the Board of Directors
Investments and Wealth Institute

We have audited the accompanying financial statements of Investments and Wealth Institute (the "Institute"), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and changes in net assets, functional expenses and cash flow for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Investments and Wealth Institute as of December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, Investments and Wealth Institute adopted the provisions under Financial Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit entities. Our opinion is not modified with respect to this matter.

Report on Prior Year Financial Statements and Restatement

The financial statements of Investments and Wealth Institute as of and for the year ended December 31, 2017 were audited by EKS&H LLLP, whose report dated April 9, 2018 expressed an unmodified opinion on those statements.

April 12, 2019

Statements of Financial Position

December 31, 2018 and 2017

	Total 2018	Total 2017
Assets		
Current Assets		
Cash and cash equivalents	$ 2,882,101	$ 4,297,694
Accounts receivable	285,345	596,873
Publications inventory	66,542	66,049
Prepaid expenses	1,262,589	730,863
Total current assets	4,496,577	5,691,479
Investments	17,669,957	18,627,097
Development Costs - Net	1,082,761	1,275,060
Property and Equipment - Net	164,510	211,362
Other Assets	18,000	18,000
Total assets	**$ 23,431,805**	**$ 25,822,998**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 653,589	$ 640,658
Accrued liabilities	732,255	706,577
Deferred revenue	7,480,018	7,547,587
Total current liabilities	8,865,862	8,894,822
Deferred Rent	129,773	167,582
Other Liabilities	-	167,000
Total liabilities	8,995,635	9,229,404
Net Assets - Net assets without donor restriction	14,436,170	16,593,594
Total liabilities and net assets	**$ 23,431,805**	**$ 25,822,998**

Statements of Activities and Changes in Net Assets

Years Ended December 31, 2018 and 2017

	2018	2017
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Certification	$ 5,355,684	$ 4,718,014
Meetings and conferences	3,806,414	4,262,114
Membership	3,835,629	3,748,213
Education	1,112,820	866,350
Total revenue, gains, and other support	14,110,547	13,594,691
Expenses:		
Program services:		
Certification	4,565,794	3,956,270
Meetings and conferences	4,162,743	4,027,003
Membership	1,297,849	1,305,233
Education	811,851	734,892
Total program services	10,838,237	10,023,398
Supporting services:		
Management and general	2,232,135	1,988,529
Membership development	753,720	674,972
International Expansion	372,685	331,113
Brand, Relevance and Growth	1,137,350	1,145,667
Total supporting services	4,495,890	4,140,281
Total expenses	15,334,127	14,163,679
Decrease in Net Assets without Donor Restrictions - Before investment return	(1,223,580)	(568,988)
Investment return	(933,844)	2,042,504
(Decrease) Increase in Net Assets	(2,157,424)	1,473,516
Net Assets Without Donor Restriction - Beginning of year	16,593,594	15,120,078
Net Assets Without Donor Restriction - End of year	**$ 14,436,170**	**$ 16,593,594**

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services					Support Services					
	Certification	Meetings and Conferences	Membership Programming	Education	Total	Management and General	Member Development	International Expansion	Brand, Relevance and Growth	Total	Total
Wages	$ 1,058,814	$ 639,484	$ 408,156	$ 394,707	$ 2,501,161	$ 1,087,748	$ 236,452	$ 24,655	$ 164,599	$ 1,513,454	$ 4,014,615
Benefits and payroll taxes	215,437	132,283	122,184	81,966	551,870	341,188	66,593	7,644	30,192	445,617	997,487
Conference, meeting and travel costs	605,829	2,823,959	43,273	3,207	3,476,268	181,826	137,854	117,045	4,306	441,031	3,917,299
Marketing, promotions and public relations	85,031	187,842	132,397	38,834	444,104	-	221,609	69,657	712,975	1,004,241	1,448,345
Professional consulting and outside service agreements	1,804,306	113,839	77,173	6,000	2,001,318	230,921	16,500	129,073	173,951	550,445	2,551,763
Telephone	3,998	2,599	2,069	1,425	10,091	2,414	699	-	-	3,113	13,204
Printing supplies, textbooks and other	152,936	9,888	20,801	66,336	249,961	9,186	6,645	-	10,072	25,903	275,864
Publication production costs	-	-	233,472	-	233,472	-	-	-	-	-	233,472
Insurance	19,926	12,955	10,312	7,102	50,295	12,035	3,485	-	-	15,520	65,815
Computer and IT expenses	55,842	32,299	36,158	87,126	211,425	30,004	8,690	2,000	32,344	73,038	284,463
Credit card, bank and other fees	100,686	65,462	51,062	35,888	253,098	125,758	17,612	-	-	143,370	396,468
Occupancy costs	3,292	2,140	1,704	1,173	8,309	22,366	576	-	-	22,942	31,251
Rent	118,250	76,882	61,193	42,148	298,473	71,418	20,684	-	-	92,102	390,575
Depreciation	161,258	54,321	43,236	29,780	288,595	50,241	14,614	-	-	64,855	353,450
Miscellaneous	180,189	8,790	54,659	16,159	259,797	67,030	1,707	22,611	8,911	100,259	360,056
Total functional expenses	**$ 4,565,794**	**$ 4,162,743**	**$ 1,297,849**	**$ 811,851**	**$ 10,838,237**	**$ 2,232,135**	**$ 753,720**	**$ 372,685**	**$ 1,137,350**	**$ 4,495,890**	**$ 15,334,127**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ (2,157,424)	$ 1,473,516
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	55,188	48,215
Amortization	298,262	141,623
Net unrealized/realized loss (gain) on investments	1,685,895	(1,243,337)
Deferred rent	(37,809)	167,582
Loss on disposal of development costs	40,051	-
Changes in operating assets and liabilities which (used) provided cash and cash equivalents:		
Accounts receivable	311,528	(189,888)
Prepaid expenses	(528,919)	(123,769)
Publications inventory and other assets	(493)	11,161
Accounts payable	12,264	(349,158)
Accrued liabilities	25,678	356,435
Deferred revenue	(70,376)	398,573
Net cash (used in) provided by operating activities	(366,155)	690,953
Cash Flows from Investing Activities		
Purchases of investments	(728,755)	(772,489)
Proceeds from sale of investments	-	2,050,000
Purchase of property and equipment	(8,336)	(220,326)
Acquisition of development costs	(312,347)	(847,262)
Net cash (used in) provided by investing activities	(1,049,438)	209,923
Net (Decrease) Increase in Cash and Cash Equivalents	(1,415,593)	900,876
Cash and Cash Equivalents - Beginning of year	4,297,694	3,396,818
Cash and Cash Equivalents - End of year	**$ 2,882,101**	**$ 4,297,694**
Significant Noncash Transactions		
Development costs	$ -	$ 333,000
Accounts payable	-	166,333
Other liabilities	-	167,000

See notes to financial statements.

Note 1 - Nature of Business

Investments & Wealth Institute (the "Institute") is a membership organization for investment professionals. The Institute was established in 1985 to deliver premier investment consulting and wealth management credentials and world-class educational offerings. The Institute also provides forums (conferences) for ongoing education and information sharing among its members.

In 2017, the Institute changed its name from Investment Management Consultants Association, Inc. to Investments & Wealth Institute. The Institute is a service mark of Investment Management Consultants Association Inc. dba Investments & Wealth Institute.

The Institute is governed by a volunteer Board of Directors (the "Board") of 13 elected members with a Chair, Vice-Chair, Secretary, and Treasurer. There are also numerous volunteer committees through which membership/designation policies and procedures are discussed and cleared. The Board meets several times a year in person or by teleconference; most of the committees meet by teleconference over the course of the year.

Organizationally, the Institute is a 501(c)(6) membership organization; this means the Institute is a tax-exempt organization as authorized by the IRS. In addition to providing membership services and educational conferences to its members, the Institute supports three highly prestigious designations in the investment consulting field: Certified Investment Management Analyst ("CIMA"), Certified Private Wealth Advisor ("CPWA"), and Retirement Management Analyst ("RMA").

Note 2 - Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

Net assets of the Institute are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Institute.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. The Institute did not have any donor restricted net assets at December 31, 2018 or 2017.

Adoption of New Accounting Pronouncement

As of December 31, 2018, the Institute adopted Accounting Standards Update No. 2016-14, Not-for-Profit Entities. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Institute, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. Under the new standard, the Institute has elected to omit the disclosures about liquidity and availability of resources for periods prior to the period of adoption.

Cash Equivalents

The Institute considers all highly liquid investments with an original maturity of three months or less that are not held by investment managers as part of an investment portfolio to be cash equivalents. The Institute continually monitors its position with, and the credit quality of, the financial institutions with which it invests.

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

The Institute extends credit to customer for payments for goods and services provided. As of December 31, 2018 and 2017, management has determined that all receivables are collectible.

Prepayments

Prepayments consist mainly of deposits, travel, and other costs associated with the preparation of upcoming programs sponsored by the Institute. Prepayments related to holding the programs are recognized as an expense in the year the program is held.

Publications Inventory

Inventory consists of various books and other publications held for sale or provided as benefits to members. Inventory is stated at cost on a first-in, first-out (FIFO) method.

Investments

The Institute reports investments in equity securities and alternative mutual funds with readily determinable fair values and debt securities at their fair values. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities as investment return.

Development Costs

The Institute accounts for costs incurred in the development of system software and online education programs as software research and development costs until the preliminary project stage is completed. Direct costs incurred in the development of software are capitalized once the preliminary project stage is completed, management has committed to funding the project, and completion and use of the software for its intended purpose are probable. The Institute ceases capitalization of development costs once the software has been substantially completed and is ready for its intended use. Software development costs are amortized over their estimated useful lives, generally three to four years. Costs associated with upgrades and enhancements that result in additional functionality are capitalized.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives, ranging from three to seven years. The Institute capitalizes property and equipment purchases with a cost in excess of $1,000 and a useful life of one year or greater. The cost of leasehold improvements is amortized over the lesser of the length of the related leases or the estimated useful lives of the assets.

Impairment or Disposal of Long-lived Assets

The Institute reviews the recoverability of long-lived assets, including buildings, equipment, internal use software, and other intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations. There was no impairment at December 31, 2018 and 2017.

Deferred Rent

The Institute has entered into a lease that provides for leasehold improvements. Rent expense is recognized on a straight-line basis over the term of the lease. Deferred rent represents the accumulated difference between rent payments and expense recognized.

Note 2 - Significant Accounting Policies (Continued)

Revenue Recognition and Deferred Revenue

Revenue from membership dues, fees, and services is deferred and recognized as income over the applicable period of service.

Advertising Expenses

Advertising expenses are charged to income during the year in which they are incurred. Advertising expense for the years ended December 31, 2018 and 2017 was $1,392,001 and $1,548,603, respectively.

Functional Allocation of Expenses

Expenses incurred directly for a program are charged to such program. Certain costs have been allocated between programs and support services on several bases and estimates. Certain wages and benefits have been allocated based on time and effort. Supplies, depreciation, telephone, internet and IT expenses are allocated based on headcount. Rent is allocated based on square footage. Credit card fees have been allocated based on related revenues.

International Expenses

The Board approved a multi-year $500,000 international strategy plan to penetrate the global marketplace with emphasis in Canada and Australia and build out the infrastructure to support a global market. During the years ended December 31, 2018 and 2017, total international expense was $372,685 and $331,113, respectively.

Branding, Relevance, and Growth Plan

A three-year $3,466,000 branding, relevance, and growth plan was approved in 2017. The plan is comprised of creative strategy, segmentation strategy, a communication strategy, upgraded staffing support and infrastructure, and naming research. During the year ended December 31, 2018 and 2017, expenses incurred under this plan were $1,137,350 and $1,145,667, respectively.

Income Taxes

The Institute is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(6). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Institute and recognize a tax liability if the Institute has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Institute, and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. No interest or penalties have been assessed as of December 31, 2018 or 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Credit Risk

Financial instruments that potentially subject the Institute to concentrations of credit risk consist principally of cash and investments. The Institute places its cash and investment accounts with creditworthy, high-quality financial institutions. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Institute.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of 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. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Institute's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Institute plans to apply the standard using the modified retrospective method. The Institute has evaluated the impact of the standard on the financial statements and has determined it will not have a significant impact.

The Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Institute's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The Institute is currently evaluating the impact this standard will have on the financial statements related to the operating leases currently disclosed in Note 9.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 12, 2019, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Organization has $20,552,058 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of $2,882,101 and investments of $17,669,957, which can be liquidated immediately upon Board approval. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average approximately $2,534,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificate of deposits and short-term treasury investments.

Note 4 - Business Combinations

On September 12, 2017, the Institute entered into an agreement to purchase the Retirement Management Analyst program ("RMA"). The primary reason for the acquisition was to allow the Institute to provide an advanced educational certificate program in retirement management to its members. The Institute expects to increase future revenues through current and future RMA program offerings, by obtaining additional new members and increasing its offerings to existing members. The purchase price for the assets is $633,000 and will be paid in three payments; the first payment in the amount of $300,000 to be paid on September 12, 2017, $166,000 to be paid on or before September 4, 2018, and $167,000 to be paid on or before September 3, 2019. As of December 31, 2017, future payments of $333,000 are included in accounts payable and other liabilities in the statement of financial position. A remaining liability of $167,000 is included in accounts payable in the statement of financial position as of December 31, 2018.

The following table summarizes the amounts of the assets recognized at the acquisition date:

Content	$ 523,000
Customer relationships	110,000
	$ 633,000

The Institute also entered into a royalty and consulting agreement with the founder and creator of RMA ("Creator"). In exchange for certain consulting services, as defined in the agreement, the Institute will pay the Creator royalties as a percentage of certain future RMA revenues. Royalties will be earned for the period between January 1, 2018 and December 31, 2020 and will be paid quarterly to the Creator, starting on April 15, 2018. The agreement expires on December 31, 2020 and can be cancelled at any time by written agreement by the Creator and the Institute. Royalties paid during the year ended December 31, 2018 were approximately $22,000.

Note 5 - Fair Value Measurements

Accounting standards require certain assets be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In determining fair value, the Institute utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

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

Mutual funds: Valued at the closing price reported on the active market on which the individual securitites are traded.

Debt securities: Value is based on prices currently available on comparable securities.

There have been no changes to the valuation methodology during the years ended December 31, 2018 and 2017.

The Insitute has the following fair value measurements as of December 31, 2018 and 2017.

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2018
Fixed income mutual funds	$ 3,355,104	$ -	$ -	$ 3,355,104
Debt securities	-	4,471,829	-	4,471,829
Domestic equity mutual funds	3,098,894	-	-	3,098,894
Foreign equity mutual funds	4,408,850	-	-	4,408,850
Absolute return mutual funds	1,594,674	-	-	1,594,674
Tangible/alternative mutual funds	634,960	-	-	634,960
Total	$ 13,092,482	$ 4,471,829	$ -	$ 17,564,311

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2017
Fixed income mutual funds	$ 2,708,984	$ -	$ -	$ 2,708,984
Debt securities	-	4,443,134	-	4,443,134
Domestic equity mutual funds	5,086,362	-	-	5,086,362
Foreign equity mutual funds	3,238,563	-	-	3,238,563
Absolute return mutual funds	1,671,687	-	-	1,671,687
Tangible/alternitive mutual funds	1,404,014	-	-	1,404,014
Total	$ 14,109,610	$ 4,443,134	$ -	$ 18,552,744

Cash and cash equivalents in the amount of $105,646 and $74,353 as of December 31, 2018 and 2017, respectively, are included in investments but are not subject to fair value reporting and, therefore, are not included in the table above.

Investment return in the statements of activities consists of the following:

	2018	2017
Dividends and Interest	$ 752,051	$ 799,167
Net realized (losses) gains	(20,687)	1,395,447
Net unrealized losses	(1,665,208)	(152,110)
Total	$ (933,844)	$ 2,042,504

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

Note 6 - Property and Equipment (Continued)

	2018	2017
Equipment	$ 505,527	$ 502,948
Software	141,686	141,686
Leasehold improvements	307,316	301,560
	954,529	946,194
Less accumulated depreciation	790,019	734,832
Total	$ 164,510	$ 211,362

Note 7 - Development costs

Development costs of the Institute at December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Software development	$ 1,054,182	$ 1,020,382
RMA	654,933	640,933
Website/data manager	462,481	432,354
Online education	368,356	355,244
CPWA	293,766	278,841
Resource development center	120,250	120,250
Applied behavioral finance development	43,869	43,869
IHOP development	20,100	20,100
Less accumulated amortization	(1,935,176)	(1,636,913)
Total	$ 1,082,761	$ 1,275,060

Note 8 - Deferred Revenue

The following is the detail of deferred revenue:

	2018	2017
Deferred revenue membership dues income	$ 2,874,509	$ 2,717,614
CPWA income	2,043,625	1,812,535
Conference registration	1,108,075	1,701,280
Recertification	1,298,655	1,123,451
Other	152,347	192,707
Total	$ 7,477,211	$ 7,547,587

Note 9 - Operating Leases

The Institute is obligated under operating leases primarily for office space and equipment, expiring at various dates through 2022. The leases require the Institute to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $406,383 and $367,469 for 2018 and 2017, respectively.

Future minimum annual commitments under these operating leases are as follows:

Note 9 - Operating Leases (Continued)

Years Ending December 31	Amount
2019	$ 371,735
2020	373,582
2021	371,965
2022	61,879
Total	$ 1,179,161

Note 10 - Commitments on Conference Contracts

The Institute has entered into contracts with facilities and vendors for classes and conferences to be held at various times through 2022. As part of the contracts, the Institute has guaranteed a certain level of rooms and food and beverage revenue for the vendors/facilities. The amounts are subject to cancellation policies with each party. The anticipated costs associated with the future events are approximately $2,391,000 and $3,484,000 at December 31, 2018 and 2017, respectively.

Note 11 - Retirement Plans

Profit Sharing Plan

The Institute sponsors a Profit Sharing Retirement Plan (the "Plan"), under Section 401 of the IRC for all full-time and part-time employees who work over 1,000 hours in any given year and are 21 years of age after 90 days of employment. The plan is non-discretionary and the Institute contributes on a yearly basis as defined in the Plan document. Employees vest on a five-year graded vesting schedule in employer non-discretionary contributions. Contributions to the plan totaled $135,198 and $130,603 for the years ended December 31, 2018 and 2017, respectively.

401(k) and Safe Harbor Plans

The Institute sponsors a retirement savings plan that allows employees to make contributions by salary reduction pursuant to Section 401(k) of the IRC. Employees are eligible for matching contributions up to 3% once they meet the eligibility requirements. Employees vest on a five-year graded vesting scheduled in matching contributions. The Institute also regularly contributes 3% of the employees' eligible compensation under the Safe Harbor provision of the retirement savings plan. Upon eligibility, employees are immediately vested under this provision of the retirement savings plan. Total contributions to both plans totaled $196,526 and $185,906 for the years ended December 31, 2018 and 2017, respectively.

Cash Balance Defined Benefit Plan

As of January 1, 2017, the Institute formed a non-contributory defined cash balance benefit plan (the "non-contributory plan") covering all employees who have attained the age of 21 and have completed three months of service. The Institute will make contributions to the non-contributory plan based on either a percentage of compensation or other fixed amounts as defined in the plan document. Under the non-contributory plan, employees are guaranteed a 5% annual investment return on contributions made to the non-contributory plan.

As of December 31, 2018, the projected benefit obligation was approximately $244,000. Total plan assets as of December 31, 2018 were approximately $112,000, resulting in a net funded liability of approximately $132,000. As of December 31, 2018 the Institute accrued a contribution payable to the non-contributory plan of $140,000 which is included in accrued liabilities. The projected benefit obligation at December 31, 2018 was calculated using assumptions including a long-term rate of return and discount rates of 5%.

Note 11 - Retirement Plans (Continued)

As of December 31, 2017, the projected benefit obligation was approximately $117,000. There were no plan assets as of December 31, 2017. As of December 31, 2017 the Institute accrued a contribution to the non-contributory plan of $117,000, which is included in accrued liabilities. The projected benefit obligation at December 31, 2017 was calculated using assumptions including a long-term rate of return and discount rates of 5%.

Independent Auditor's Report on Schedule of Revenues and Expenses - Budget to Actual

To the Board of Directors
Investments and Wealth Institute

We have audited the financial statements of Investments and Wealth Institute as of and for the year ended December 31, 2018 and have issued our report thereon dated April 12, 2019, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2018 financial statements as a whole. The schedule of revenues and expenses - budget to actual is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2018 financial statements. Except for the portion marked "unaudited", the information has been subjected to the auditing procedures applied in the audit of the 2018 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2018 financial statements as a whole.

Report on Prior Year Supplemental Info

The supplemental schedule of revenues and expenses-budget to acutal as of December 31, 2017 except for the portion marked "unaudited", was audited by EKSH, LLLP whose report dated April 9, 2018 expressed an unmodified opinion on that schedule.

April 12, 2019

Schedule of Revenue and Expenses - Budget to Actual

Year Ended December 31, 2018

	Actual	Budget (Unaudited)	Variance
Revenue, gains, and other support			
Certification	$ 5,355,684	$ 5,203,120	$ 152,564
Meetings and conferences	3,806,414	4,214,569	(408,155)
Membership	3,835,629	3,784,111	51,518
Education	1,112,820	977,372	135,448
Total revenues, gains and other support	14,110,547	14,179,172	(68,625)
Expenses			
Program services:			
Certification	4,565,794	4,348,003	217,791
Meetings and conferences	4,162,743	4,183,188	(20,445)
Membership	1,297,849	1,490,386	(192,537)
Education	811,851	830,622	(18,771)
Total program services	10,838,237	10,852,199	(13,962)
Support services:			
Management and general	2,232,135	2,394,891	(162,756)
Membership development	753,720	757,089	(3,369)
International expansion	372,685	363,094	9,591
Brand, relevance and growth	1,137,350	1,230,180	(92,830)
Total support services	4,495,890	4,745,254	(249,364)
Total expenses	15,334,127	15,597,453	(263,326)
Decrease in Net Assets - Before investment return	(1,223,580)	(1,418,281)	194,701
Investment Return	(933,844)	246,000	(1,179,844)
Change in Net Assets	**$ (2,157,424)**	**$ (1,172,281)**	**$ (985,143)**

Schedule of Revenue and Expenses - Budget to Actual

Year Ended December 31, 2017

	Actual	Budget (Unaudited)	Over (Under) Budget
Revenue, gains, and other support			
Certification	$ 4,718,014	$ 3,684,058	$ 1,033,956
Meetings and conferences	4,262,114	4,180,500	81,614
Membership	3,748,213	3,791,865	(43,652)
Education	866,350	891,770	(25,420)
Total revenue, gains, and other support	13,594,691	12,548,193	1,046,498
Expenses			
Certification	3,956,270	3,451,272	504,998
Meetings and conferences	4,027,003	3,942,636	84,367
Membership	1,305,233	1,447,959	(142,726)
Education	734,892	707,407	27,485
Total program services	10,023,398	9,549,274	474,124
Supporting services:			
Management and general	1,988,529	1,905,403	83,126
Membership development	674,972	757,089	(82,117)
International expansion	331,113	339,256	(8,143)
Brand, relevance and growth	1,145,667	1,451,017	(305,350)
Total supporting services	4,140,281	4,452,765	(312,484)
Total expenses	14,163,679	14,002,039	161,640
Decrease in Net Assets - Before investment return	(568,988)	(1,453,846)	884,858
Investment Return	2,042,504	238,000	1,804,504
Change in Net Assets	**$ 1,473,516**	**$ (1,215,846)**	**$ 2,689,362**