
Investments and Wealth Institute

**Financial Report
with Supplemental Information
December 31, 2020**

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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, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 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 audits 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, 2020 and 2019 and the results of its operations functional expenses and its cash flows for the years 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, the COVID-19 pandemic had an effect on the operations of the Institute. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

April 28, 2021

Statement of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,221,154	\$ 2,197,854
Accounts receivable	81,639	86,219
Publications inventory	-	36,830
Prepaid expenses	<u>1,151,837</u>	<u>1,068,885</u>
Total current assets	5,454,630	3,389,788
Investments	20,605,088	19,041,244
Development Costs - Net	806,195	998,451
Property and Equipment - Net	134,555	170,020
Other Assets	<u>18,000</u>	<u>18,000</u>
Total assets	<u><u>\$ 27,018,468</u></u>	<u><u>\$ 23,617,503</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 710,511	\$ 544,097
Accrued liabilities	568,506	621,522
Deferred revenue	<u>7,145,251</u>	<u>7,037,183</u>
Total current liabilities	8,424,268	8,202,802
Deferred Rent	<u>47,811</u>	<u>88,792</u>
Total liabilities	8,472,079	8,291,594
Net Assets - Without donor restrictions	<u>18,546,389</u>	<u>15,325,909</u>
Total liabilities and net assets	<u><u>\$ 27,018,468</u></u>	<u><u>\$ 23,617,503</u></u>

Investments and Wealth Institute

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2020 and 2019

	2020	2019
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Certification	\$ 5,307,328	\$ 5,527,401
Meetings and conferences	1,969,160	3,816,684
Membership	3,782,181	3,846,651
Education	1,499,405	1,045,010
Total revenue, gains, and other support	12,558,074	14,235,746
Expenses:		
Program services:		
Certification	4,100,647	4,424,121
Meetings and conferences	1,979,420	4,818,669
Membership	1,292,834	1,168,992
Education	665,262	718,004
Total program services	8,038,163	11,129,786
Support services:		
Management and general	2,562,590	2,561,226
Membership development	690,330	749,465
Certification growth strategy	621,329	-
International expansion	-	316,685
Brand, relevance, and growth	-	1,183,223
Total support services	3,874,249	4,810,599
Total expenses	11,912,412	15,940,385
Increase (Decrease) in Net Assets without Donor Restrictions - Before nonoperating income	645,662	(1,704,639)
Nonoperating Income - Investment return	2,574,818	2,594,378
Increase in Net Assets	3,220,480	889,739
Net Assets - Beginning of year	15,325,909	14,436,170
Net Assets - End of year	\$ 18,546,389	\$ 15,325,909

Investments and Wealth Institute

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services					Support Services				
	Certification	Meetings and Conferences	Membership	Education	Total	Management and General	Member Development	Certification Growth Strategy	Total	Total
Wages	\$ 1,062,146	\$ 662,200	\$ 508,360	\$ 252,592	\$ 2,485,298	\$ 1,280,426	\$ 290,363	\$ 48,087	\$ 1,618,876	\$ 4,104,174
Benefits and payroll taxes	318,574	200,775	153,591	77,568	750,508	384,980	87,559	27,268	499,807	1,250,315
Conference, meeting, and travel costs	5,701	523,990	3,011	4,818	537,520	24,794	28,219	27,925	80,938	618,458
Marketing, promotions, and public relations	87,876	184,278	103,605	13,173	388,932	-	145,557	81,547	227,104	616,036
Professional consulting and outside service agreements	2,052,254	174,293	48,188	74,979	2,349,714	314,300	78,606	269,448	662,354	3,012,068
Telephone	9,679	5,393	4,911	2,526	22,509	4,740	1,135	-	5,875	28,384
Printing supplies, textbooks, and other	86,676	11,420	-	134,390	232,486	-	156	-	156	232,642
Publication production costs	-	-	289,443	-	289,443	-	-	62,652	62,652	352,095
Insurance	20,828	11,605	10,567	5,437	48,437	10,200	2,443	-	12,643	61,080
Computer and IT expenses	63,732	35,511	32,333	16,634	148,210	31,212	7,476	-	38,688	186,898
Credit card, bank, and other fees	-	-	-	-	-	331,356	-	-	331,356	331,356
Occupancy costs	15,769	8,787	8,000	4,116	36,672	7,723	1,850	-	9,573	46,245
Rent	138,396	77,112	70,213	36,121	321,842	67,777	16,234	-	84,011	405,853
Depreciation and amortization	175,330	53,866	49,047	25,232	303,475	47,346	11,340	-	58,686	362,161
Development costs impairment	28,667	-	-	-	28,667	-	-	-	-	28,667
Miscellaneous	35,019	30,190	11,565	17,676	94,450	57,736	19,392	104,402	181,530	275,980
Total functional expenses	\$ 4,100,647	\$ 1,979,420	\$ 1,292,834	\$ 665,262	\$ 8,038,163	\$ 2,562,590	\$ 690,330	\$ 621,329	\$ 3,874,249	\$ 11,912,412

Investments and Wealth Institute

Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services					Support Services					Total
	Certification	Meetings and Conferences	Membership	Education	Total	Management and General	Member Development	International Expansion	Brand, Relevance, and Growth	Total	
Wages	\$ 1,050,325	\$ 692,404	\$ 410,511	\$ 344,392	\$ 2,497,632	\$ 1,112,994	\$ 353,222	\$ 37,320	\$ -	\$ 1,503,536	\$ 4,001,168
Benefits and payroll taxes	293,277	191,184	113,783	95,251	693,495	307,716	98,367	10,225	-	416,308	1,109,803
Conference, meeting, and travel costs	442,183	3,291,443	27,720	14,553	3,775,899	241,192	158,692	82,398	89,747	572,029	4,347,928
Marketing, promotions, and public relations	113,102	345,214	99,596	5,120	563,032	-	72,552	35,043	937,354	1,044,949	1,607,981
Professional consulting and outside service agreements	1,891,651	84,804	72,792	53,063	2,102,310	304,243	-	136,876	154,418	595,537	2,697,847
Telephone	6,190	4,107	3,125	2,165	15,587	3,697	1,144	-	-	4,841	20,428
Printing supplies, textbooks, and other	124,078	-	-	71,118	195,196	13,875	997	998	903	16,773	211,969
Publication production costs	-	-	266,467	-	266,467	-	-	-	-	-	266,467
Insurance	19,562	12,977	9,878	6,843	49,260	11,687	3,615	-	-	15,302	64,562
Computer and IT expenses	60,905	40,402	30,754	21,307	153,368	36,382	11,256	-	-	47,638	201,006
Credit card, bank, and other fees	-	-	-	-	-	343,841	-	-	-	343,841	343,841
Occupancy costs	16,418	10,891	8,290	5,744	41,343	9,808	3,034	-	-	12,842	54,185
Rent	122,325	81,146	61,768	42,794	308,033	73,072	22,608	-	-	95,680	403,713
Depreciation and amortization	152,828	49,205	37,455	25,949	265,437	44,309	13,709	-	-	58,018	323,455
Miscellaneous	131,277	14,892	26,853	29,705	202,727	58,410	10,269	13,825	801	83,305	286,032
Total functional expenses	\$ 4,424,121	\$ 4,818,669	\$ 1,168,992	\$ 718,004	\$ 11,129,786	\$ 2,561,226	\$ 749,465	\$ 316,685	\$ 1,183,223	\$ 4,810,599	\$ 15,940,385

Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 3,220,480	\$ 889,739
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	362,161	323,455
Realized and unrealized gains	(2,101,440)	(2,048,478)
Deferred rent	(40,981)	(40,981)
Impairment of development costs	28,667	-
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	4,580	199,126
Prepaid expenses	(82,952)	193,704
Publications inventory and other assets	36,830	29,712
Accounts payable	166,414	(109,492)
Accrued liabilities	(53,016)	(110,733)
Deferred revenue	108,068	(442,835)
	1,648,811	(1,116,783)
Net cash and cash equivalents provided by (used in) operating activities		
Cash Flows from Investing Activities		
Proceeds from sale of investments	1,005,956	1,223,091
Purchases of investments	(468,360)	(545,900)
Purchase of property and equipment	(35,274)	(57,355)
Acquisition of development costs	(127,833)	(187,300)
	374,489	432,536
Net cash and cash equivalents provided by investing activities		
Net Increase (Decrease) in Cash and Cash Equivalents	2,023,300	(684,247)
Cash and Cash Equivalents - Beginning of year	2,197,854	2,882,101
Cash and Cash Equivalents - End of year	\$ 4,221,154	\$ 2,197,854

December 31, 2020 and 2019

Note 1 - Nature of Business

Investments and 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 and Wealth Institute. The Institute is a service mark of Investment Management Consultants Association, Inc. dba Investments and 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 Internal Revenue Service (IRS). In addition to providing the 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

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, 2020 or 2019.

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.

Accounts Receivable

The Institute extends credit to customers for payments for goods and services provided. As of December 31, 2020 and 2019, management has determined that all receivables are collectible.

Prepaid Expenses

Prepaid expenses consist mainly of deposits, travel, and other costs associated with the preparation of upcoming programs sponsored by the Institute. Prepaid expenses 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. As of December 31, 2020, the Institute no longer provides books and other publications to candidates, as they are all online based going forward.

Note 2 - Significant Accounting Policies (Continued)

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 statement of activities and changes in net assets 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 equipment and internal-use software, 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 \$28,667 of impairment recorded relating to the RMA customer list at December 31, 2020, and there was no impairment at December 31, 2019.

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.

Revenue Recognition

The Institute recognizes revenue from contracts with customers as follows:

Certification

The Institute provides three certifications in the investment consulting field: certified investment management analyst, certified private wealth advisor, and retirement management analyst. The Institute recognizes revenue on certifications at a point in time upon participants completing the required class. Any registrations received in advance are included in deferred revenue. Recertification fees are deferred and recognized monthly over time using the straight-line method over the applicable two-year certification period.

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Meetings and Conferences

Revenue for meetings and conferences is recognized at the point in time when the meeting or conference has occurred. Any amounts received in advance are included in deferred revenue.

Membership

Membership dues are charged to members to access information and resources provided by the Institute over a defined membership period. Membership revenue is billed in advance and is deferred and recognized over time using the straight-line method over the membership period as the services are provided.

Education

The Institute provides in-person and online education courses. Customers are billed upon registration. For in-person classes, the Institute recognizes revenue when the class has been completed, as the time between the start and completion of education courses is trivially short. For online education courses, the Institute recognizes revenue at a point in time when access to the online course platform has been given to the participant. Amounts received in advance are included in deferred revenue.

Other Information

As of January 1, 2019, accounts receivable and deferred revenue (contract liabilities) from contracts with customers were \$285,345 and \$7,480,018, 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 head count. Rent and occupancy expenses are allocated based on square footage.

Certification Growth Strategy

A five-year \$4,600,000 certification growth strategy was approved in 2020. The strategy is focused growing applications through aggressive sales and marketing efforts, assisting candidates with completing the certification process and delivering premier, quality education with real-world solutions for practitioners. The plan calls for increased spending in the sales staff, international expansion, scholarships, and infrastructure. During the year ended December 31, 2020, expenses incurred under this plan were \$621,329.

Branding, Relevance, and Growth Plan

A three-year \$3,466,000 branding, relevance, and growth plan was approved in 2017. The plan is composed of creative strategy, segmentation strategy, a communication strategy, upgraded staffing support and infrastructure, and naming research. This plan ended in 2019. During the year ended December 31, 2019, expenses incurred under this plan were \$1,183,223.

International Expenses

The Board approved a multiyear international strategy plan to penetrate the global marketplace with emphasis in Canada and Australia and build out the infrastructure to support a global market. This plan ended in 2019. During the year ended December 31, 2019, total international expense was \$316,685.

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).

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

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.

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.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

As a result of the pandemic, in anticipation of the revenue shortfall from COVID-19, three staff positions were eliminated in March 2020. In addition, several budgeted positions remained unfilled. The Institute has had to cancel various in-person meetings and classes due to government stay-at-home orders. As a result, the Institute has either moved many in-person classes and meetings to a virtual platform or postponed them to future dates. This has resulted in a decrease in meetings and conference revenue and expenses. Membership and certificate levels were not significantly impacted as a result of the pandemic.

Because of the direct and indirect impacts of the continuing pandemic, the Institute's activities, functional expenses, cash flows, and financial condition could be negatively impacted in the future, but the extent of the impact cannot be reasonably estimated at this time.

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-of-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 activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statements of activities 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, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Institute is currently evaluating the impact this standard will have on the financial statements related to the operating leases currently disclosed in Note 8.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 28, 2021, which is the date the financial statements were available to be issued.

December 31, 2020 and 2019

Note 3 - Liquidity and Availability of Resources

The Institute's financial assets available within one year of December 31, 2020 and 2019 for general expenditure are as follows:

	2020	2019
Cash and cash equivalents	\$ 4,221,154	\$ 2,197,854
Accounts receivable	81,639	86,219
Investments	20,605,088	19,041,244
Total	<u>\$ 24,907,881</u>	<u>\$ 21,325,317</u>

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. For the years ended December 31, 2020 and 2019, the Institute had a goal to maintain financial assets, which consist of primarily of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which were, on average, approximately \$1,985,000 and \$2,650,000, respectively. The Institute 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 Institute invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury investments.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities 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, and 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 considering 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.

The 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 securities are traded.

Debt securities - Value is based on price currently available on comparable securities.

Private equity - Valued at net asset value per share as reported by the investment manager as a practical expedient.

There have been no changes to the valuation methodology during the years ended December 31, 2020 and 2019.

December 31, 2020 and 2019

Note 4 - Fair Value Measurements (Continued)

The Institute has the following fair value measurements as of December 31, 2020 and 2019:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2020			
	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, 2020
Fixed-income mutual funds	\$ 1,713,517	\$ -	\$ -	\$ 1,713,517
Debt securities	-	3,802,203	-	3,802,203
Domestic equity mutual funds	5,856,740	-	-	5,856,740
Foreign equity mutual funds	5,019,296	-	-	5,019,296
Absolute return mutual funds	1,873,354	-	-	1,873,354
Tangible/Alternative mutual funds	1,529,759	-	-	1,529,759
Total	\$ 15,992,666	\$ 3,802,203	\$ -	19,794,869
Investments measured at NAV				766,220
Total assets				\$ 20,561,089

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2019			
	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, 2019
Fixed-income mutual funds	\$ 3,706,019	\$ -	\$ -	\$ 3,706,019
Debt securities	-	4,584,859	-	4,584,859
Domestic equity mutual funds	3,594,474	-	-	3,594,474
Foreign equity mutual funds	5,284,961	-	-	5,284,961
Absolute return mutual funds	1,134,043	-	-	1,134,043
Tangible/Alternative mutual funds	614,341	-	-	614,341
Total	\$ 14,333,838	\$ 4,584,859	\$ -	\$ 18,918,697

Cash and cash equivalents in the amount of \$43,999 and \$122,547 as of December 31, 2020 and 2019, respectively, are included in investments but are not subject to fair value reporting and, therefore, are not included in the table above.

Investments in Entities that Calculate Net Asset Value per Share

The Institute holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

In 2020, the Institute invested in a private equity fund that is valued at net asset value. The objective of this private equity fund is to invest in platform investments in fragmented sectors capitalizing on macro-trends of growth in technology-related products and services to continue to generate attractive returns. The balance of this fund as of December 31, 2020 was \$766,220. There are no unfunded commitments for this investment as of December 31, 2020. The fund can be redeemed with a redemption notice period of 60 days once a quarter or at the discretion of the fund's board.

December 31, 2020 and 2019

Note 4 - Fair Value Measurements (Continued)

Investment return in the statement of activities and changes in net assets consists of the following:

	2020	2019
Dividends and interest	\$ 473,378	\$ 545,900
Net realized gains	666,221	29,391
Net unrealized gains	1,435,219	2,019,087
Total	<u>\$ 2,574,818</u>	<u>\$ 2,594,378</u>

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019
Equipment	\$ 507,189	\$ 503,545
Software	130,913	130,913
Leasehold improvements	307,316	307,316
Total	945,418	941,774
Less accumulated depreciation	810,863	771,754
Total	<u>\$ 134,555</u>	<u>\$ 170,020</u>

Depreciation expense for 2020 and 2019 was \$70,739 and \$51,845, respectively.

Note 6 - Development Costs

Development costs of the Institute at December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Software development	\$ 1,024,833	\$ 1,094,126
RMA	626,266	654,933
Website/Data manager	485,093	469,379
Online education	186,149	186,149
CPWA	10,600	25,525
Resource development center	66,750	66,750
Applied behavioral finance development	43,869	43,869
IHOP development	20,100	20,100
Endowments and foundation	17,177	17,177
Less accumulated amortization	(1,674,642)	(1,579,557)
Total development costs	<u>\$ 806,195</u>	<u>\$ 998,451</u>

Amortization expense for the years ended December 31, 2020 and 2019 was \$291,422 and \$271,610, respectively.

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. During 2020, the Institute determined that, based on estimated future cash flows, the carrying amount of certain customer lists relating to RMA exceeded their fair value by \$28,667; accordingly, an impairment loss of that amount was recognized and is included in program services expenses.

December 31, 2020 and 2019

Note 7 - Deferred Revenue

The following is the detail of deferred revenue:

	2020	2019
Membership	\$ 2,838,752	\$ 2,870,532
CPWA income	2,453,124	2,300,558
CIMA certification	1,331,461	1,289,677
Conference registration	178,013	354,983
RMA certification	54,625	13,542
Other	289,276	207,891
Total	<u>\$ 7,145,251</u>	<u>\$ 7,037,183</u>

Note 8 - 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 \$428,072 and \$412,589 for 2020 and 2019, respectively.

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

Years Ending December 31	Amount
2021	\$ 371,838
2022	61,879
Total	<u>\$ 433,717</u>

Note 9 - 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 \$837,000 and \$2,443,000 at December 31, 2020 and 2019, respectively.

Note 10 - Retirement Plans

Profit-sharing Plan

The Institute sponsors a profit-sharing retirement plan (the "Plan") under Section 401 of the Internal Revenue Code (IRC) for all full-time and part-time employees who work over 1,000 hours in any given year and are at least 21 years of age after 90 days of employment. The Plan is nondiscretionary, 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 nondiscretionary contributions. Contributions to the Plan totaled \$157,729 and \$135,845 for the years ended December 31, 2020 and 2019, respectively.

December 31, 2020 and 2019

Note 10 - Retirement Plans (Continued)

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 percent once they meet the eligibility requirements. Employees vest in matching contributions on a five-year graded vesting schedule. The Institute also regularly contributes 3 percent 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 \$204,390 and \$205,101 for the years ended December 31, 2020 and 2019, respectively.

Cash Balance Defined Benefit Plan

As of January 1, 2017, the Institute formed a noncontributory defined cash balance benefit plan (the "noncontributory 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 noncontributory plan based on either a percentage of compensation or other fixed amounts, as defined in the plan document. Under the noncontributory plan, employees are guaranteed a 5 percent annual investment return on contributions made to the noncontributory plan.

As of December 31, 2020, the plan assets and projected benefit obligation were approximately \$533,000 and \$510,230, respectively, resulting in a net asset of approximately \$23,000. As of December 31, 2020, the Institute accrued a contribution payable to the noncontributory plan of \$0. The projected benefit obligation at December 31, 2020 was calculated using assumptions, including a long-term rate of return and discount rates of 5 percent.

As of December 31, 2019, the plan assets and projected benefit obligation were approximately \$259,000 and \$381,000, respectively, resulting in a net funded liability of approximately \$122,000. As of December 31, 2019, the Institute accrued a contribution to the noncontributory plan of \$127,000, which is included in accrued liabilities. The projected benefit obligation at December 31, 2019 was calculated using assumptions, including a long-term rate of return and discount rates of 5 percent.

Independent Auditor's Report on Supplemental Information

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 years ended December 31, 2020 and 2019 and have issued our report thereon dated April 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenue 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

Plante & Moran, PLLC

April 28, 2021

Investments and Wealth Institute

Schedule of Revenue and Expenses - Budget to Actual

Year Ended December 31, 2020

	Actual	Budget (Unaudited)	Variance
Revenue, Gains, and Other Support			
Certification	\$ 5,307,328	\$ 6,322,501	\$ (1,015,173)
Meetings and conferences	1,969,160	4,018,304	(2,049,144)
Membership	3,782,181	3,965,158	(182,977)
Education	1,499,405	1,033,246	466,159
Total revenue, gains, and other support	12,558,074	15,339,209	(2,781,135)
Expenses			
Certification	4,100,647	4,588,460	(487,813)
Meetings and conferences	1,979,420	2,324,135	(344,715)
Membership	1,292,834	5,033,765	(3,740,931)
Education	665,262	624,237	41,025
Total program services	8,038,163	12,570,597	(4,532,434)
Support services:			
Management and general	2,562,589	2,471,384	91,205
Membership development	690,330	-	690,330
International expansion	67,619	81,570	(13,951)
Certification growth strategy	553,711	1,060,950	(507,239)
Total support services	3,874,249	3,613,904	260,345
Total expenses	11,912,412	16,184,501	(4,272,089)
Increase (Decrease) in Net Assets - Before investment return	645,662	(845,292)	1,490,954
Investment Return	2,574,818	250,000	2,324,818
Change in Net Assets	\$ 3,220,480	\$ (595,292)	\$ 3,815,772

Investments and Wealth Institute

Schedule of Revenue and Expenses - Budget to Actual

Year Ended December 31, 2019

	Actual	Budget (Unaudited)	Variance
Revenue, Gains, and Other Support			
Certification	\$ 5,527,401	\$ 5,223,799	\$ 303,602
Meetings and conferences	3,816,684	4,389,828	(573,144)
Membership	3,846,651	4,054,426	(207,775)
Education	1,045,010	876,460	168,550
Total revenue, gains, and other support	14,235,746	14,544,513	(308,767)
Expenses			
Program services:			
Certification	4,424,121	4,534,621	(110,500)
Meetings and conferences	4,818,669	5,132,773	(314,104)
Membership	1,168,992	1,343,782	(174,790)
Education	718,004	779,410	(61,406)
Total program services	11,129,786	11,790,586	(660,800)
Support services:			
Management and general	2,561,226	2,314,175	247,051
Membership development	749,465	837,389	(87,924)
International expansion	316,685	495,325	(178,640)
Brand, relevance, and growth	1,183,223	957,375	225,848
Total support services	4,810,599	4,604,264	206,335
Total expenses	15,940,385	16,394,850	(454,465)
Decrease in Net Assets - Before investment return	(1,704,639)	(1,850,337)	145,698
Investment Return	2,594,378	250,000	2,344,378
Change in Net Assets	\$ 889,739	\$ (1,600,337)	\$ 2,490,076