



INTERNATIONAL COACHING FEDERATION

LEXINGTON, KENTUCKY

**COMBINED FINANCIAL STATEMENTS
REPORT OF INDEPENDENT AUDITORS**

MARCH 31, 2022

INTERNATIONAL COACHING FEDERATION

TABLE OF CONTENTS MARCH 31, 2022

	Page
Report of Independent Auditors	1
Combined Financial Statements:	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Functional Expenses	5
Combined Statements of Cash Flows	12
Notes to Combined Financial Statements	13



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REPORT OF INDEPENDENT AUDITORS

To the Boards of Directors of
International Coaching Federation
Lexington, Kentucky

Opinion

We have audited the accompanying combined financial statements of International Coaching Federation Global Enterprise, Inc., International Coach Federation, Inc. dba ICF Professional Coaches, ICF Credentialing and Standards, Inc., ICF Coach Training, Inc. dba ICF Coaching Education, ICF Coaching in Organizations, Inc., ICF Thought Leadership, Inc., and International Coach Federation Foundation, Inc. (nonprofit organizations and hereby referred to collectively as International Coaching Federation or ICF) which comprise the combined statements of financial position as of March 31, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICF as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ICF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ICF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors of
International Coaching Federation
Lexington, Kentucky

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ICF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ICF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Blue & Co., LLC

Lexington, Kentucky
February 15, 2023

INTERNATIONAL COACHING FEDERATION

COMBINED STATEMENTS OF FINANCIAL POSITION MARCH 31, 2022

	Global Enterprises	Professional Coaches	Credentialing and Standards	Coaching Education	Coaching in Organizations	Thought Leadership	Foundation	Combined	Inter- organization eliminations	Combined
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 12,534,835	\$ 921,159	\$ 263,949	\$ 199,204	\$ 257,595	\$ 188,804	\$ 190,541	\$ 14,556,087	\$ 0	\$ 14,556,087
Accounts receivable	465,954	17,741	32,442	13,350	895	0	2,964	533,346	0	533,346
Prepaid expenses	301,374	419,550	11,671	26,547	8,836	1,008	4,379	773,365	0	773,365
Total current assets	<u>13,302,163</u>	<u>1,358,450</u>	<u>308,062</u>	<u>239,101</u>	<u>267,326</u>	<u>189,812</u>	<u>197,884</u>	<u>15,862,798</u>	<u>0</u>	<u>15,862,798</u>
Investments	9,990,908	0	0	0	0	0	519,679	10,510,587	0	10,510,587
Website and software	704,706	100,909	0	58,319	0	0	0	863,934	0	863,934
Accumulated amortization	(597,986)			0	0	0	0	(597,986)	0	(597,986)
Website and software, net	<u>106,720</u>	<u>100,909</u>	<u>0</u>	<u>58,319</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>265,948</u>	<u>0</u>	<u>265,948</u>
Accounts receivable from affiliates	<u>1,428,107</u>	<u>17,176,609</u>	<u>5,248,251</u>	<u>1,528,814</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,381,781</u>	<u>(25,381,781)</u>	<u>0</u>
Total assets	<u>\$ 24,827,898</u>	<u>\$ 18,635,968</u>	<u>\$ 5,556,313</u>	<u>\$ 1,826,234</u>	<u>\$ 267,326</u>	<u>\$ 189,812</u>	<u>\$ 717,563</u>	<u>\$ 52,021,114</u>	<u>\$ (25,381,781)</u>	<u>\$ 26,639,333</u>
LIABILITIES AND NET ASSETS										
Current liabilities:										
Accounts payable	\$ 564,621	\$ 760,330	\$ 213,663	\$ 12,196	\$ 8,000	\$ 4,608	\$ 5,083	\$ 1,568,501	\$ 0	\$ 1,568,501
Deferred revenue	143,527	5,737,735	24,080	4,800	46,808	0	26,727	5,983,677	0	5,983,677
Total current liabilities	<u>708,148</u>	<u>6,498,065</u>	<u>237,743</u>	<u>16,996</u>	<u>54,808</u>	<u>4,608</u>	<u>31,810</u>	<u>7,552,178</u>	<u>0</u>	<u>7,552,178</u>
Accounts payable to affiliates	<u>23,860,424</u>	<u>57,100</u>	<u>0</u>	<u>36,150</u>	<u>718,104</u>	<u>318,372</u>	<u>391,631</u>	<u>25,381,781</u>	<u>(25,381,781)</u>	<u>0</u>
Total liabilities	<u>24,568,572</u>	<u>6,555,165</u>	<u>237,743</u>	<u>53,146</u>	<u>772,912</u>	<u>322,980</u>	<u>423,441</u>	<u>32,933,959</u>	<u>(25,381,781)</u>	<u>7,552,178</u>
Net assets without donor restrictions	<u>259,326</u>	<u>12,080,803</u>	<u>5,318,570</u>	<u>1,773,088</u>	<u>(505,586)</u>	<u>(133,168)</u>	<u>294,122</u>	<u>19,087,155</u>	<u>0</u>	<u>19,087,155</u>
Total liabilities and net assets	<u>\$ 24,827,898</u>	<u>\$ 18,635,968</u>	<u>\$ 5,556,313</u>	<u>\$ 1,826,234</u>	<u>\$ 267,326</u>	<u>\$ 189,812</u>	<u>\$ 717,563</u>	<u>\$ 52,021,114</u>	<u>\$ (25,381,781)</u>	<u>\$ 26,639,333</u>

See accompanying notes to combined financial statements.

INTERNATIONAL COACHING FEDERATION

COMBINED STATEMENTS ACTIVITIES YEAR ENDED MARCH 31, 2022

	Global Enterprises	Professional Coaches	Credentialing and Standards	Coaching Education	Coaching in Organizations	Thought Leadership	Foundation	Inter- organization eliminations	Combined
Revenues from services:									
Memberships	\$ 0	\$ 11,387,765	\$ 0	\$ 0	\$ 163,383	\$ 0	\$ 0	\$ 0	\$ 11,551,148
Credentialing	0	0	5,618,629	0	0	0	0	0	5,618,629
Programs	0	0	0	1,641,029	0	0	0	0	1,641,029
Conferences	826,781	0	0	0	0	0	0	0	826,781
Total revenues from services	<u>826,781</u>	<u>11,387,765</u>	<u>5,618,629</u>	<u>1,641,029</u>	<u>163,383</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,637,587</u>
Other revenues:									
Investment losses, net	(102,321)	0	0	0	0	0	(7,335)	0	(109,656)
Royalties	373,644	0	0	0	0	0	0	0	373,644
Interest Income	194,560	210	132	0	0	0	9,752	0	204,654
Contributions	0	0	0	0	0	166,197	179,206	(166,022)	179,381
Research and development	16,050	0	0	0	0	0	0	0	16,050
Miscellaneous	14,086	0	0	0	0	0	0	0	14,086
Grants	0	0	0	0	0	0	13,725	0	13,725
Total other revenues	<u>496,019</u>	<u>210</u>	<u>132</u>	<u>0</u>	<u>0</u>	<u>166,197</u>	<u>195,348</u>	<u>(166,022)</u>	<u>691,884</u>
Total revenues	1,322,800	11,387,975	5,618,761	1,641,029	163,383	166,197	195,348	(166,022)	20,329,471
Expenses:									
Program services	2,794,204	2,015,311	3,079,673	628,631	291,565	209,844	90,512	(166,022)	8,943,718
Supporting services:									
Management and general	2,133,920	447,078	233,938	184,789	93,200	50,085	177,990	0	3,321,000
Membership development	1,771,841	2,365,051	0	0	101,086	0	0	0	4,237,978
Fundraising	0	0	0	0	0	0	183,138	0	183,138
Total expenses	<u>6,699,965</u>	<u>4,827,440</u>	<u>3,313,611</u>	<u>813,420</u>	<u>485,851</u>	<u>259,929</u>	<u>451,640</u>	<u>(166,022)</u>	<u>16,685,834</u>
Change in net assets	(5,377,165)	6,560,535	2,305,150	827,609	(322,468)	(93,732)	(256,292)	0	3,643,637
Net assets, without donor restrictions, beginning of year	<u>5,636,491</u>	<u>5,520,268</u>	<u>3,013,420</u>	<u>945,479</u>	<u>(183,118)</u>	<u>(39,436)</u>	<u>550,414</u>	<u>0</u>	<u>15,443,518</u>
Net assets, without donor restrictions, end of year	<u>\$ 259,326</u>	<u>\$ 12,080,803</u>	<u>\$ 5,318,570</u>	<u>\$ 1,773,088</u>	<u>\$ (505,586)</u>	<u>\$ (133,168)</u>	<u>\$ 294,122</u>	<u>\$ 0</u>	<u>\$ 19,087,155</u>

See accompanying notes to combined financial statements.

INTERNATIONAL COACHING FEDERATION
INTERNATIONAL COACHING FEDERATION GLOBAL ENTERPRISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program services				Supporting services		
	Education and marketing	Research	Ethics	Total	Management and general	Membership development	Total
Accounting	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,400	\$ 0	\$ 28,400
Advertising, promotion, and outreach	0	0	0	0	764,287	764,287	1,528,574
Bank and credit card fees	28,391	0	0	28,391	78,775	0	107,166
Chapter and membership	0	0	0	0	0	151,935	151,935
Coaching and training	5,848	0	14,636	20,484	0	17,335	37,819
Consulting	14,029	288,710	0	302,739	231,028	112,438	646,205
Contract labor	0	770	0	770	4,047	4,047	8,864
Contribution	166,022	0	0	166,022	0	0	166,022
Depreciation	45,332	0	0	45,332	0	0	45,332
Information technology	389,829	0	0	389,829	6,351	5,043	401,223
Insurance	0	0	0	0	31,062	0	31,062
Legal fees	0	0	0	0	75,404	0	75,404
Management fees	796,573	449,418	104,301	1,350,292	781,138	704,947	2,836,377
Meetings and events	137,645	0	0	137,645	66,028	0	203,673
Miscellaneous	4,294	0	935	5,229	8,262	0	13,491
Office expense	11,834	522	1,624	13,980	10,949	9,744	34,673
Professional development and evaluation	0	0	162,323	162,323	35,330	0	197,653
Research and projects	0	40,884	0	40,884	0	0	40,884
Speaker fees	110,500	0	0	110,500	0	0	110,500
Translation services	8,276	0	0	8,276	1,207	1,207	10,690
Travel	8,524	1,968	1,016	11,508	11,652	858	24,018
Total expenses	<u>\$ 1,727,097</u>	<u>\$ 782,272</u>	<u>\$ 284,835</u>	<u>\$ 2,794,204</u>	<u>\$ 2,133,920</u>	<u>\$ 1,771,841</u>	<u>\$ 6,699,965</u>

See accompanying notes to combined financial statements.

INTERNATIONAL COACHING FEDERATION
ICF PROFESSIONAL COACHES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program services	Supporting services		Total
		Management and general	Membership development	
Bank and credit card fees	\$ 300,084	\$ 63,598	\$ 64,304	\$ 427,986
Chapter and membership	0	0	683,187	683,187
Chapter rebates	0	0	1,203,275	1,203,275
Consulting	0	2,500	2,500	5,000
Contract labor	81,907	17,551	17,551	117,009
Currency exchange fees	122,249	26,196	26,196	174,641
Information technology	0	614	0	614
Management fees	1,387,267	297,272	297,272	1,981,811
Meetings and events	79,988	8,479	5,560	94,027
Miscellaneous	0	10,086	1,227	11,313
Office expense	0	6,043	11,482	17,525
Professional development and evaluation	18,347	0	1,600	19,947
Research and projects	8,969	0	0	8,969
Speaker fees	16,500	0	0	16,500
Supplies	0	391	1,646	2,037
Translation services	0	0	143	143
Travel	0	14,348	49,108	63,456
Total expenses	<u>\$ 2,015,311</u>	<u>\$ 447,078</u>	<u>\$ 2,365,051</u>	<u>\$ 4,827,440</u>

See accompanying notes to combined financial statements.

**INTERNATIONAL COACHING FEDERATION
ICF CREDENTIALING AND STANDARDS, INC.**

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program services	Management and general	Total
Bank and credit card fees	\$ 208,195	\$ 4,556	\$ 212,751
Coaching and training	1,734,430	3,200	1,737,630
Consulting	25,693	0	25,693
Contract labor	6,766	0	6,766
Information technology	205,437	240	205,677
Management fees	871,426	217,856	1,089,282
Office expense	19,358	4,839	24,197
Professional development and evaluation	0	1,704	1,704
Translation services	8,368	0	8,368
Travel	0	1,543	1,543
Total expenses	<u>\$ 3,079,673</u>	<u>\$ 233,938</u>	<u>\$ 3,313,611</u>

See accompanying notes to combined financial statements.

INTERNATIONAL COACHING FEDERATION
ICF COACH TRAINING, INC. DBA ICF COACHING EDUCATION

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program services	Management and general	Total
Advertising, promotion, and outreach	\$ 0	\$ 17,022	\$ 17,022
Bank and credit card fees	56,350	0	56,350
Coaching and training	81,664	0	81,664
Consulting	0	31,911	31,911
Contract labor	14,418	0	14,418
Information technology	36,638	0	36,638
Management fees	434,222	108,555	542,777
Meetings and events	3,147	0	3,147
Miscellaneous	2,192	1,615	3,807
Office expense	0	2,815	2,815
Professional development and evaluation	0	1,761	1,761
Travel	0	21,110	21,110
Total expenses	<u>\$ 628,631</u>	<u>\$ 184,789</u>	<u>\$ 813,420</u>

See accompanying notes to combined financial statements.

**INTERNATIONAL COACHING FEDERATION
ICF COACHING IN ORGANIZATIONS, INC.**

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program services	Supporting services		Total
		Management and general	Membership development	
Bank and credit card fees	\$ 4,079	\$ 0	\$ 0	\$ 4,079
Consulting	2,666	0	0	2,666
Management fees	268,989	89,663	89,663	448,315
Miscellaneous	0	706	194	900
Office expense	0	123	6,568	6,691
Research and projects	7,708	0	1,724	9,432
Travel	8,123	2,708	2,937	13,768
Total expenses	<u>\$ 291,565</u>	<u>\$ 93,200</u>	<u>\$ 101,086</u>	<u>\$ 485,851</u>

See accompanying notes to combined financial statements.

**INTERNATIONAL COACHING FEDERATION
ICF THOUGHT LEADERSHIP INSTITUTE, INC.**

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program services	Management and general	Total
	<u> </u>	<u> </u>	<u> </u>
Consulting	\$ 65,748	\$ 16,437	\$ 82,185
Management fees	130,778	32,694	163,472
Meetings and events	11,734	109	11,843
Office expense	1,214	753	1,967
Professional development and evaluation	370	92	462
Total expenses	<u>\$ 209,844</u>	<u>\$ 50,085</u>	<u>\$ 259,929</u>

See accompanying notes to combined financial statements.

**INTERNATIONAL COACHING FEDERATION
INTERNATIONAL COACH FEDERATION FOUNDATION, INC.**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program services	Supporting services		Total
		Management and general	Fundraising	
Advertising, promotion, and outreach	\$ 0	\$ 12,649	\$ 0	\$ 12,649
Bank and credit card fees	0	6,706	3,075	9,781
Coaching and training	4,800	0	0	4,800
Consulting	0	2,500	0	2,500
Contributions	9,323	0	0	9,323
Fundraising development	0	0	31,115	31,115
Information technology	0	300	0	300
Insurance	0	294	0	294
Management fees	61,620	148,948	148,948	359,516
Meetings and events	84	3,782	0	3,866
Miscellaneous	0	396	0	396
Office expense	0	3,638	0	3,638
Professional development and evaluation	0	2,277	0	2,277
Research and projects	14,685	0	0	14,685
Travel (refunds)	0	(3,500)	0	(3,500)
Total expenses	<u>\$ 90,512</u>	<u>\$ 177,990</u>	<u>\$ 183,138</u>	<u>\$ 451,640</u>

See accompanying notes to combined financial statements.

INTERNATIONAL COACHING FEDERATION

COMBINED STATEMENTS OF CASH FLOWS YEAR ENDED MARCH 31, 2022

	Global Enterprises	Professional Coaches	Credentialing and Standards	Coaching Education	Coaching in Organizations	Thought Leadership	Foundation	Inter- organization eliminations	Combined
Cash flows from operating activities:									
Change in net assets	\$ (5,377,165)	\$ 6,560,535	\$ 2,305,150	\$ 827,609	\$ (322,468)	\$ (93,732)	\$ (256,292)	\$ 0	\$ 3,643,637
Adjustments to reconcile net assets to net cash flows from operating activities:									
Depreciation	45,332	0	0	0	0	0	0	0	45,332
Unrealized losses on investments	102,321	0	0	0	0	0	7,335	0	109,656
Changes in operating assets and liabilities:									
Accounts receivable	(269,375)	(12,850)	(57,168)	(104,867)	(895)	0	(1,497)	0	(446,652)
Prepaid expenses	17,642	(9,926)	336	(21,620)	(4,954)	(550)	(713)	0	(19,785)
Accounts payable	(269,221)	49,076	78,774	90,292	7,751	(6,584)	(1,038)	0	(50,950)
Deferred revenue	102,124	88,430	9,687	4,800	(27,221)	0	5,777	0	183,597
Net cash flows from operating activities	(5,648,342)	6,675,265	2,336,779	796,214	(347,787)	(100,866)	(246,428)	0	3,464,835
Cash flows from investing activities:									
Computer software purchases	0	(49,699)	0	(58,319)	0	0	0	0	(108,018)
Purchases of investments	(5,737,428)	0	0	0	0	0	(198,080)	0	(5,935,508)
Proceeds from sales of investments	5,623,626	0	0	0	0	0	191,648	0	5,815,274
Net cash flows from investing activities	(113,802)	(49,699)	0	(58,319)	0	0	(6,432)	0	(228,252)
Cash flows from financing activities:									
Advances from affiliates	9,619,892	57,100	0	36,150	580,453	165,092	202,847	(10,661,534)	0
Advances to affiliates	(948,391)	(6,704,778)	(2,215,266)	(793,099)	0	0	0	10,661,534	0
Net cash flows from financing activities	8,671,501	(6,647,678)	(2,215,266)	(756,949)	580,453	165,092	202,847	0	0
Net change in cash and cash equivalents	2,909,357	(22,112)	121,513	(19,054)	232,666	64,226	(50,013)	0	3,236,583
Cash and cash equivalents, beginning of year	9,625,478	943,271	142,436	218,258	24,929	124,578	240,554	0	11,319,504
Cash and cash equivalents, end of year	\$ 12,534,835	\$ 921,159	\$ 263,949	\$ 199,204	\$ 257,595	\$ 188,804	\$ 190,541	\$ 0	\$ 14,556,087

See accompanying notes to combined financial statements.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

1. NATURE OF ACTIVITIES

Following is a description of the entities included in the accompanying combined financial statements. Collectively, the entities are referred to as ICF.

International Coaching Federation Global Enterprise, Inc., (Global Enterprise)

Formed in April 2018 and began active operations in April 2020. Global Enterprise is dedicated to advancing the coaching profession by setting high standards, providing independent certification, and building a worldwide network of trained coaching professionals.

Global Enterprise's programs are as follows:

- Education and marketing - reimagining the future of global accreditation and leading the way with an innovative model to enhance the standard of excellence when it comes to coaching education.
- Research - Global Enterprise invests in industry research to demonstrate the highly effective nature of coaching. This allows the community of coaches to stand strong with fresh knowledge of industry trends to inform their daily decisions.
- Ethics - The Organization leads the way in developing a definition and philosophy of coaching and establishing ethical standards among its members. The Organization sets professional coaching standards while also giving consumers a venue to file ethics complaints.

International Coach Federation, Inc. d/b/a ICF Professional Coaches (PC)

Formed in November 1996. PC leads global advancement of the coaching profession through its members and chapters worldwide.

PC's program is as follows:

- Advancing the coaching profession so that coaching becomes an integral part of society. ICF Members lead this journey by representing the highest quality of professional coaching.

ICF Credentialing and Standards, Inc. (C&S)

Formed in May 2020. C&S develops and manages credentialing programs based upon evolving specialties within the coaching profession and encourage standards of ethical and professional practice within the coaching profession.

C&S's program is as follows:

- ICF credential-holders are part of a self-regulating group of elite coaches who provide accountability to clients and the coaching profession as a whole. They pursue and complete rigorous education and practice requirements that provide unquestioned legitimacy to their commitment to excellence in coaching.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

ICF Coach Training, Inc. dba ICF Coaching Education (CE)

Formed in May 2020. CE ensures high standards in the coaching profession, and those high standards start with accredited training programs.

CE's program is as follows:

- Provides accredited coaches with a competitive edge both in their content and stature. Coaches worldwide recognize the CE as an industry leader and turn to CE for information about initial and continuing education.

ICF Coaching in Organizations, Inc. (CIO)

Formed in August 2019 and began active operations in April 2020. CIO aims to inspire and enable organizations by providing gold standards to continually develop their coaching capacity and capability as a mindset, skill set and ultimately an integral part of their culture.

CIO's program is as follows:

- Professional Development - Access to industry research, case studies and white papers on organizational coaching within our community where collaboration and sharing is central to learning. Webinars, podcasts, networking, and collaboration events offer continuing coach education credits.

ICF Thought Leadership, Inc. (TLI)

Formed in August 2019 and began active operations in April 2020. TLI aspires to build and maintain the most comprehensive and highest-quality body of knowledge on the science, art, and practice of coaching. TLI's purpose contemplates the futures of work, coaching, education, social policy, and planetary ecology.

TLI's program is as follows:

- Reveal and lead how coaching contributes to Prosperity, Peace, and Partnership for People and the Planet in a sustainable way. TLI's cohesive framework draws from the United Nations 2030 Agenda for Sustainable Development, which calls for action in the critical areas of People, Planet, Prosperity, Peace, and Partnership. This framework intersects with TLI's five thematic pillars - The Future of Work, The Future of Coaching, The Future of Education, The Future of Social Policy, The Future of Planetary Ecology.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

International Coach Federation Foundation, Inc. (the Foundation)

Formed in March 2005. The Foundation connects and equips professional coaches and organizations to accelerate and amplify impact on societal progress through coaching. Through transformational partnerships, the Foundation demonstrates that coaching works by building capacity in organizations around the globe and making coaching an integral part of the thriving society. Through its values of global vision, global impact, systemic insight, collaboration, compassion, and persistence; the Foundation will strive to obtain our vision that coaching is an integral part of the thriving society.

The Foundation's program is as follows:

- Expanding the boundaries of coaching in the world through key focus areas: cultivating frameworks for pro bono coaching, engaging in and curating research for the multiplying effect of social progress through coaching, and connecting training organizations and targeted populations for coaching scholarships.

The above entities which comprise ICF share common management. All entities have the same individual who serves as Chief Executive Officer (CEO) and the same individual who serves as Chief Operating Officer. The CEO and chair of Global Enterprise serve as ex-officio members of the boards for the other six entities. The entities share the same website and share common goals regarding the industry of coaching. Based on the above, the entities are each presented separately in the accompanying combined financial statements along with columns for eliminations of inter-organization transactions and balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of ICF is presented to assist in understanding ICF's combined financial statements. The combined 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 combined financial statements.

Basis of Accounting

The combined financial statements of ICF have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The combined statements of financial position, activities, and cash flows reflect columns for elimination of all inter-organization transactions and balances.

Use of Estimates

Management uses estimates and assumptions in preparing the combined 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.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

Basis of Presentation

The combined financial statements have been prepared with a focus on each respective entity. 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, 2022 or 2021.

Cash Equivalents

For purposes of the combined 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.

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

ICF records expenses for all website development and computer software costs incurred that relate to the planning and post-implementation phases of development. Costs incurred in the development phase are capitalized and recognized over the product's estimated useful life on a straight-line basis over estimated useful life of three years. Costs associated with repair or maintenance of the existing website or the development of website content are expensed.

Income Taxes

Global Enterprises, PC, C&S, CE, and CIO are exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code (the Code). TLI and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Code. In addition, TLI and the Foundation have been determined by the Internal Revenue Service not to be private foundations within the context of Section 509(a) of the Code.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

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, 2022 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying combined financial statements. ICF is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

ICF has filed its federal income tax returns for periods through March 31, 2021. 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).

Revenue Recognition, Receivables, and Deferred Revenue

ICF has adopted "Revenue from Contracts with Customers". Revenue for membership dues is recognized ratably throughout the term of membership as this is estimated to represent the costs associated with the benefits provided for membership. Dues that are paid in advance are included as deferred revenue. Credentialing revenue is recognized when exams administered by ICF for purposes of attaining designations. Program revenue is recognized when instructional events are held by ICF for specified purposes. Conference and event revenues are recognized when the corresponding events are held.

Accounts receivable (contracts receivable) consist of fees owed for memberships and services. 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, 2022. Accordingly, no provision for bad debts has been provided for in the accompanying combined financial statements.

Deferred revenue (contract liabilities) consists primarily of advances received for membership dues, conferences, and other events for the upcoming fiscal year.

Contributions

Contribution revenue is recognized as amounts are awarded, pledged, or received. ICF did not have any pledges receivable at March 31, 2022 or 2021.

Advertising Costs

Advertising costs are expensed when incurred and are listed separately for each ICF entity in the accompanying combined statements of functional expenses. Total combined advertising costs for the year ended March 31, 2022 amounted to approximately \$1,558,000.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the combined 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.

Subsequent Events

ICF evaluates events occurring subsequent to the date of the combined financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 15, 2023 which is the date the combined 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 combined financial statements were available to be issued.

3. 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.

4. 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 ICF 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.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

- Level 3: Inputs to the valuation 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.

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

ICF holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying combined financial statements.

The following table presents ICF's assets measured at fair value at March 31, 2022 (amounts rounded):

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

	Level 1	Level 2	Level 3	Total
Fixed income securities:				
Corporate	\$ 3,348,000	\$ 0	\$ 0	\$ 3,348,000
Municipal	151,000	0	0	151,000
U.S. Government	100,000	0	0	100,000
Bank certificate of deposit		26,000	0	26,000
Exchange traded funds:				
Corporate index funds	2,360,000	0	0	2,360,000
Government and treasury	1,100,000	0	0	1,100,000
Equity mutual funds:				
Information technology	894,000	0	0	894,000
Consumer goods	581,000	0	0	581,000
Healthcare	438,000	0	0	438,000
Communications	358,000	0	0	358,000
Financial services	390,000	0	0	390,000
Index	96,000	0	0	96,000
Industrials	261,000	0	0	261,000
Other	259,000	0	0	259,000
Money market mutual fund		149,000	0	149,000
Total	<u>\$ 10,336,000</u>	<u>\$ 175,000</u>	<u>\$ 0</u>	<u>\$ 10,511,000</u>

5. AGREEMENT WITH ASSOCIATIONS INTERNATIONAL, LLC

ICF has entered into an agreement (the Agreement) with Associations International, LLC (AI). 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 is effective through March 31, 2029. After March 31, 2029, the term of the Agreement shall automatically renew for an additional one (1) year period. Either party shall have the right to terminate the renewal by providing written notice to the other party on or before January 1, 2029.

The annual management fees for the year ended March 31, 2022 are listed separately for each ICF entity in the accompanying combined statements of functional expenses. Total combined management fees for the year ended March 31, 2022 amounted to approximately \$7,422,000 which reflected a \$40,000 reduction from the contracted amount of \$7,462,000 due to a delay in hiring of staff for TLI. The annual management fee for the fiscal year ending March 31, 2023 is approximately \$10,477,000. In subsequent years the management fee will increase by 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% with a limit increase of 2.5%.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS

MARCH 31, 2022

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

During the term of the Agreement, ICF grants to AI a personal, nontransferable, royalty-bearing, exclusive worldwide license to use ICF's respective names, the letters "ICF", logos, 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.

Approximately \$395,000 was due to Global Enterprises from AI at March 31, 2022. Approximately \$94,000 was due to AI from Global Enterprises at March 31, 2022.

6. COMMITMENTS

ICF has contracted with various hotels for conferences and events to be held through fiscal year 2024. The contracts include stipulations for room attrition and cancellation. Estimated total exposure for these agreements is approximately \$376,000.

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 (amounts rounded).

Cash and cash equivalents	\$ 14,556,000
Accounts receivable	533,000
Financial assets available to meet cash needs	<u> </u>
for general expenditure within one year	<u>\$ 15,089,000</u>

In addition to the above, investments may be liquidated as needed to meet operational needs.

INTERNATIONAL COACHING FEDERATION

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2022

8. DISCLOSURES REQUIRED BY REVENUE RECOGNITION STANDARD

Following are disclosures for deferred revenue and accounts receivable as required by ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (amounts rounded, combined):

	Deferred revenue, contract liability	Accounts receivable
Balance at, April 1, 2021	\$ 5,800,000	\$ 87,000
Revenue recognized during the year	(5,800,000)	0
Advances received during the year	5,984,000	0
Collections during the year	0	(87,000)
Revenue recognized for amounts not collected during the year	0	533,000
Balance at, March 31, 2022	<u>\$ 5,984,000</u>	<u>\$ 533,000</u>

9. UPCOMING PRONOUNCEMENTS

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, 2023, 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.

ICF is presently evaluating the effects that this ASU will have on its future combined financial statements, including related disclosures.

10. IMPACT OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts ICF's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19 and reductions in contributions and other funding. Management believes ICF is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated at the date the combined financial statements were available to be issued.
