

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Financial Statements  
and  
Independent Auditors' Report  
December 31, 2009 and 2008**

**EKS&H**

**EHRHARDT • KEEFE  
STEINER • HOTTMAN PC**

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Investment Management Consultants Association, Inc.  
Greenwood Village, Colorado

We have audited the accompanying statement of financial position of Investment Management Consultants Association, Inc. ("IMCA") as of December 31, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of IMCA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of IMCA as of December 31, 2008, were audited by other auditors whose report dated March 23, 2009, expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IMCA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMCA as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the 2009 basic financial statements taken as a whole. The information included in the accompanying 2009 schedule is presented only for supplementary analysis purposes and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying 2008 schedule was audited by other auditors.



Ehrhardt Keefe Steiner & Hottman PC

April 27, 2010  
Denver, Colorado

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Statements of Financial Position**

	December 31,	
	2009	2008
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,006,697	\$ 929,326
Accounts receivable	37,722	26,591
Prepaid expenses	473,429	454,372
Publications inventory	<u>7,312</u>	<u>76,246</u>
Total current assets	1,525,160	1,486,535
Property and equipment, net	176,381	271,833
Development costs, net	615,297	528,770
Other assets		
Investments	11,139,226	11,022,109
Other assets	<u>18,000</u>	<u>18,000</u>
Total assets	<u>\$ 13,474,064</u>	<u>\$ 13,327,247</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 750,856	\$ 427,029
Accrued compensated absences	64,687	47,413
Deferred revenue	<u>5,256,420</u>	<u>6,397,571</u>
Total liabilities	<u>6,071,963</u>	<u>6,872,013</u>
Commitments		
Net assets		
Unrestricted	<u>7,402,101</u>	<u>6,455,234</u>
Total net assets	<u>7,402,101</u>	<u>6,455,234</u>
Total liabilities and net assets	<u>\$ 13,474,064</u>	<u>\$ 13,327,247</u>

See notes to financial statements.

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Statements of Activities**

	For the Years Ended December 31,	
	<u>2009</u>	<u>2008</u>
Revenues and gains		
Certification	\$ 3,642,811	\$ 5,387,647
Meetings and conferences	4,326,911	3,913,917
Membership	2,854,467	2,806,388
Education	57,854	407,025
Investment and other income	<u>406,646</u>	<u>24,667</u>
Total revenues and gains	<u>11,288,689</u>	<u>12,539,644</u>
Expenses		
Program services		
Certification	4,011,277	5,272,564
Meetings and conferences	2,894,520	2,665,905
Education	76,524	431,003
Membership	<u>1,078,981</u>	<u>1,125,916</u>
Total program services	8,061,302	9,495,388
Supporting services		
Management and general	<u>2,280,520</u>	<u>2,356,342</u>
Total expenses	<u>10,341,822</u>	<u>11,851,730</u>
Change in net assets	946,867	687,914
Net assets at beginning of year	<u>6,455,234</u>	<u>5,767,320</u>
Net assets at end of year	<u>\$ 7,402,101</u>	<u>\$ 6,455,234</u>

See notes to financial statements.

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Statements of Cash Flows**

	For the Years Ended December 31,	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ 946,867	\$ 687,914
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	103,270	123,412
Amortization	207,500	195,786
Loss on disposal of development costs and property and equipment	-	94,491
Net unrealized/realized (gain) loss on investments	(204,567)	348,835
Changes in assets and liabilities		
Accounts receivables	(11,131)	97,077
Prepaid expenses	(19,057)	(344,718)
Publications inventory	68,934	143,851
Accounts payable	323,827	(179,201)
Accrued compensated absences	17,274	19,268
Deferred revenue	(1,141,151)	(594,642)
	<u>(655,101)</u>	<u>(95,841)</u>
Net cash provided by operating activities	<u>291,766</u>	<u>592,073</u>
Cash flows from investing activities		
Purchases of property and equipment	(7,818)	(12,112)
Acquisition of development costs	(294,027)	(219,521)
Net sales (purchases) of investments	87,450	(3,698,328)
Net cash (used in) investing activities	<u>(214,395)</u>	<u>(3,929,961)</u>
Net increase (decrease) increase in cash and cash equivalents	77,371	(3,337,888)
Cash and cash equivalents at beginning of year	<u>929,326</u>	<u>4,267,214</u>
Cash and cash equivalents at end of year	<u>\$ 1,006,697</u>	<u>\$ 929,326</u>

See notes to financial statements.

# INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies**

#### Organization

Investment Management Consultants Association ("IMCA") is a membership organization for investment professionals. IMCA was established in 1985 to deliver the premier investment consulting and wealth management credentials and world class educational offerings. IMCA also provides forums (conferences) for ongoing education and information sharing among its members.

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

Organizationally, IMCA is a 501(c)(6) membership organization; this means IMCA is a tax exempt organization as authorized by the Internal Revenue Service. In addition to providing membership services and educational conferences to its members, IMCA supports two highly prestigious designations in the investment consulting field - Certified Investment Management Analyst and Certified Private Wealth Advisor.

#### Basis of Presentation

IMCA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in IMCA's operations and those resources invested in property and equipment. IMCA has no temporarily or permanently restricted net assets.

#### Cash and Cash Equivalents

IMCA considers all highly liquid investments with a maturity of three months or less, and which are not held by investment managers as part of an investment portfolio, to be cash equivalents. As of December 31, 2009, IMCA's cash accounts were held at a financial institution in which deposits are insured in full under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program until June 30, 2010.

#### Accounts Receivables

IMCA extends credit to customers for payment for goods and services provided. As of December 31, 2009 and 2008, management has determined that all receivables are collectible.

#### Publications Inventory

Inventory consists of various books and other publications held for sale by IMCA. Inventories are stated at cost on a first-in, first-out method.

# INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed on the straight-line method over estimated useful lives of the assets ranging from five to seven years. IMCA capitalizes property and equipment purchases with a cost in excess of \$1,000 and a useful life of one year or greater.

#### Development Costs

IMCA 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. IMCA 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.

#### Investments

IMCA reports investments in equity securities with readily determinable fair values at their fair values and debt securities with unrealized gains and losses included in the statement of activities. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities in investment and other income.

#### Concentrations of Credit Risk

Financial instruments which potentially subject IMCA to concentrations of credit risk consist principally of cash and investments. IMCA places its cash 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 IMCA.

#### Long-Lived Assets

IMCA reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. IMCA looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. There was no impairment at December 31, 2009 and 2008.

#### Revenue Recognition and Deferred Revenue

Revenue from membership dues, fees, and services is recognized ratably over the applicable period of service. Deferred revenue represents unearned dues, fees, and services revenue received in advance will be recognized when earned.

# INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Advertising Costs

IMCA expenses advertising costs as incurred. During the years ended December 31, 2009 and 2008, advertising expense was \$133,200 and \$106,263, respectively.

#### Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the appropriate programs and supporting services.

#### Income Taxes

IMCA is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code; accordingly, no provision for income taxes is included in the accompanying financial statements.

IMCA adopted guidance related to uncertainty in income taxes in the Financial Accounting Standards Board's Accounting Standards Codification Topic 740 on January 1, 2009. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of 2009.

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, 2009.

Tax years that remain subject to examination include 2006 through 2009.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

IMCA has evaluated all subsequent events through April 27, 2010, which is the date the financial statements were available to be issued.

# INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.

## Notes to Financial Statements

### Note 2 - Investments

Investments are carried at fair value based on current market quotations and are comprised of the following:

	December 31,	
	2009	2008
Money market funds	\$ 5,648,467	\$ 8,476,767
Equity mutual funds	967,722	652,495
Fixed income mutual funds	1,959,070	-
U.S. Treasury notes	-	1,892,847
Certificates of deposit	2,563,967	-
	<u>\$ 11,139,226</u>	<u>\$ 11,022,109</u>

Investment income consists of the following and is included in the investments and other income category in the statements of activities:

	December 31,	
	2009	2008
Dividends and interest, net of fees	\$ 160,857	\$ 350,863
Net realized gains	250,702	34,994
Net unrealized (losses)	<u>(46,135)</u>	<u>(383,829)</u>
	<u>\$ 365,424</u>	<u>\$ 2,028</u>

### Note 3 - Fair Value Measurement

IMCA values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3: Unobservable inputs are used when little or no market data is available.

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Notes to Financial Statements**

**Note 3 - Fair Value Measurement (continued)**

In determining fair value, IMCA 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 (Level 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 methodologies used for assets measured at fair value:

*Fixed income mutual funds and equity mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*U.S. Treasury notes:* Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings.

*Money market funds and certificates of deposit:* Value is based on amortized cost or original cost plus accrued interest which approximates fair value due to the short-term maturities of these financial instruments.

Financial assets carried at fair value as of December 31, 2009 and 2008 are classified in the tables below in one of the three categories described above:

<u>Description</u>	<u>As of December 31, 2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 5,648,467	\$ -	\$ 5,648,467
Certificates of deposits	-	2,563,967	-	2,563,967
Equity mutual funds	967,722	-	-	967,722
Fixed income mutual funds	<u>1,959,070</u>	<u>-</u>	<u>-</u>	<u>1,959,070</u>
Total fair value	<u>\$ 2,926,792</u>	<u>\$ 8,212,434</u>	<u>\$ -</u>	<u>\$ 11,139,226</u>

<u>Description</u>	<u>As of December 31, 2008</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 8,476,767	\$ -	\$ 8,476,767
Equity mutual funds	652,495	-	-	652,495
U.S. Treasury notes	<u>-</u>	<u>1,892,847</u>	<u>-</u>	<u>1,892,847</u>
Total fair value	<u>\$ 652,495</u>	<u>\$ 10,369,614</u>	<u>\$ -</u>	<u>\$ 11,022,109</u>

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Notes to Financial Statements**

**Note 4 - Property and Equipment**

Property and equipment consists of the following:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Equipment	\$ 387,950	\$ 380,132
Leasehold improvements	149,642	149,642
Software	<u>152,131</u>	<u>152,131</u>
	689,723	-
Less accumulated depreciation	<u>(513,342)</u>	<u>(410,072)</u>
Total	<u>\$ 176,381</u>	<u>\$ 271,833</u>

**Note 5 - Development Costs**

Development costs consist of the following:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Software development	\$ 488,615	\$ 387,071
Online essentials	299,082	281,194
Wealth management	184,927	184,927
CPWA	144,371	144,371
Website/Data manager	129,940	129,940
Alternative investment certificate	125,164	125,164
Online CPWA study course	112,220	-
Investor website	96,014	96,014
Endowment and foundations certificate	83,869	83,869
Online qualification exam review course	62,375	-
ISC	60,255	60,255
Intro to Investment certificate	33,828	33,828
CIMA Level 2	28,441	28,441
IHOP development	<u>20,100</u>	<u>20,100</u>
	1,869,201	1,575,174
Less accumulated amortization	<u>(1,253,904)</u>	<u>(1,046,404)</u>
Total	<u>\$ 615,297</u>	<u>\$ 528,770</u>

Amortization expense for the years ended December 31, 2009 and 2008 was \$207,500 and \$195,786, respectively.

# INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.

## Notes to Financial Statements

### Note 6 - Deferred Revenue

Deferred revenue is comprised of the following:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Certification income	\$ 2,360,560	\$ 3,790,510
Membership dues income	1,476,839	1,333,187
Conference registration	927,613	767,197
CPWA income	312,995	480,420
Recertification	156,459	-
Journal publication	<u>21,954</u>	<u>26,257</u>
Total	<u>\$ 5,256,420</u>	<u>\$ 6,397,571</u>

### Note 7 - Lease Commitments

#### Leases

IMCA leases office space and equipment under operating leases, which expire at various dates through 2014. Rent expense totaled \$220,142 and \$196,524 for the years ended December 31, 2009 and 2008, respectively. Future minimum lease payments, as of December 31, 2009 are as follows:

#### For the Year Ending December 31,

2010	\$ 199,637
2011	196,851
2012	4,704
2013	4,704
2014	<u>3,528</u>
Total minimum lease payments	<u>\$ 409,424</u>

### Note 8 - Commitments on Conference Contracts

IMCA has entered into contracts with facilities and vendors for classes and conferences being held at various times through 2012. As part of the contracts, IMCA has guaranteed a certain level of tuition income, 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 were \$1,925,826 and \$5,358,763 at December 31, 2009 and 2008, respectively.

# INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.

## Notes to Financial Statements

### **Note 9 - Employee Benefits**

As of March 2001, IMCA formed a retirement savings plan which allows IMCA's employees to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. IMCA regularly contributes 3% of the employees' eligible compensation under the Safe Harbour provision of the Plan. Employees are immediately vested under this plan.

IMCA also initiated a Profit Sharing Retirement Plan in March 2001. The plan is under Section 401 of the Internal Revenue Code. All full-time employees and part-time employees that work over 1,000 hours in any given year, and are 21 years of age, are eligible to participate in this plan after one year of employment. The plan is discretionary, and IMCA contributes as financial conditions allow. Employees vest 20% a year in employer discretionary contributions. Historically, IMCA has contributed 7% to this plan. Total contributions to both plans were \$139,083 and \$106,195, respectively, for the years ended December 31, 2009 and 2008.

**ACCOMPANYING INFORMATION**

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Schedule of Revenues and Expenses - Budget to Actual  
For the Year Ended December 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and gains			
Certification	\$ 4,630,940	\$ 3,642,811	\$ (988,129)
Meetings and conferences	4,039,075	4,326,911	287,836
Membership	2,807,104	2,854,467	47,363
Education	381,125	57,854	(323,271)
Investment and other income	<u>215,000</u>	<u>406,646</u>	<u>191,646</u>
Total revenues and gains	<u>12,073,244</u>	<u>11,288,689</u>	<u>(784,555)</u>
Expenses			
Program services			
Certification	4,593,332	4,011,277	(582,055)
Meetings and conferences	2,962,405	2,894,520	(67,885)
Education	277,532	76,524	(201,008)
Membership	<u>1,346,380</u>	<u>1,078,981</u>	<u>(267,399)</u>
Total program services	9,179,649	8,061,302	(1,118,347)
Supporting services			
Management and general	<u>2,598,688</u>	<u>2,280,520</u>	<u>(318,168)</u>
Total expenses	<u>11,778,337</u>	<u>10,341,822</u>	<u>(1,436,515)</u>
Change in net assets	<u>\$ 294,907</u>	946,867	<u>\$ 651,960</u>
Net assets - beginning of year		<u>6,455,234</u>	
Net assets - end of year		<u>\$ 7,402,101</u>	

**INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION, INC.**

**Schedule of Revenues and Expenses - Budget to Actual  
For the Year Ended December 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and gains			
Certification	\$ 5,093,075	\$ 5,387,647	\$ 294,572
Meetings and conferences	3,948,567	3,913,917	(34,650)
Membership	2,515,091	2,806,388	291,297
Education	599,350	407,025	(192,325)
Investment and other income	<u>155,000</u>	<u>24,667</u>	<u>(130,333)</u>
Total revenues and gains	<u>12,311,083</u>	<u>12,539,644</u>	<u>228,561</u>
Expenses			
Program services			
Certification	5,198,395	5,272,564	(74,169)
Meetings and conferences	2,946,092	2,665,905	280,187
Education	448,883	431,003	17,880
Membership	<u>1,330,606</u>	<u>1,125,916</u>	<u>204,690</u>
Total program services	9,923,976	9,495,388	428,588
Supporting services			
Management and general	<u>2,101,759</u>	<u>2,356,342</u>	<u>(254,583)</u>
Total expenses	<u>12,025,735</u>	<u>11,851,730</u>	<u>174,005</u>
Change in net assets	<u>\$ 285,348</u>	687,914	<u>\$ 402,566</u>
Net assets - beginning of year		<u>5,767,320</u>	
Net assets - end of year		<u>\$ 6,455,234</u>	