



International Monetary Systems, Ltd.

**Quarterly Report
For the Period Ended March 31, 2017**

International Monetary Systems, Ltd.
OTC Pink Basic Disclosure Statement

1) Name of the issuer

International Monetary Systems, Ltd.

2) Address of the issuer's principal executive offices

*Company Headquarters
16901 W Glendale Dr
New Berlin, WI 53151*

*Phone: 262-780-3640
Email: ir@imsbarter.com
Website: www.imsbarter.com*

3) Security Information

*Trading Symbol: ITNM
Exact title and class of securities outstanding: Class A Common par value \$.0001 per share
CUSIP: 46004U300
Par or Stated Value: \$.0001
Total shares authorized: 28,000,000 as of: 3/31/2017
Total shares outstanding: 576,472 as of: 3/31/2017*

*Transfer Agent
Name: Computershare
Address 1: PO Box 43078
Address 2: Providence RI 02940-3078
Phone: 800-368-5948*

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No: ☐

There are no restrictions on the transfer of our stock.

There have been no trading suspension orders issued by the SEC in the past 12 months.

There have been no stock splits, stock dividends, recapitalizations, mergers, acquisitions, spin-offs, or reorganizations in the last 12 months, nor are any events currently anticipated.

4) Issuance History - Changes in Outstanding Shares

| <i>Date</i> | <i>Description</i> | <i>Number of Shares</i> |
|-------------|-----------------------------------------------------------------|-------------------------|
| <i>2015</i> | <i>Shares retired during the year</i> | <i>38,523</i> |
| <i>2015</i> | <i>Issued to Sr. Management in Dec. as part of compensation</i> | <i>12,000</i> |
| <i>2016</i> | <i>Shares retired during the year</i> | <i>15,273</i> |
| <i>2016</i> | <i>Issued to Sr. Management in Dec. as part of compensation</i> | <i>18,000</i> |
| <i>2017</i> | <i>Shares retired in the first three months of the year</i> | <i>13,907</i> |

There have been no other issuances in the past 2 years.

5) Financial Statements

Included.

6) Describe the Issuer's Business, Products and Services

A. A description of the issuer's business operations;

International Monetary Systems, Ltd. (IMS) manages a business-to-business barter exchange with approximately 15,000 members in the United States and Canada. IMS provides its members with BarterBuy/email promotions, monthly statements, 24-hour authorization service, and IMS' exclusive online, internet trading. In addition, each account is assigned a seasoned trade broker who acts as that company's personal sales and purchasing representative.

Intangible Assets

The Company's largest assets are the membership lists of barter exchange members and related goodwill of markets acquired. These members generate the fee income that is the Company's main source of revenue.

The book value of intangibles as of March 31, 2017 was:

| | |
|---------------------------------|--------------------------------|
| <i>Membership lists</i> | <i>\$ 13,614,353</i> |
| <i>Accumulated amortization</i> | <i>(13,361,762)</i> |
| <i>Net</i> | <i><u>\$ 252,591</u></i> |
| <i>Goodwill</i> | <i><u>\$ 3,482,522</u></i> |

See further description of the Company's business operations in Note 1 to the financial statements.

B. Date and State (or Jurisdiction) of Incorporation:

The Company was incorporated in Wisconsin in 1988.

C. Primary SIC Code

7389 - Business Services Misc

D. The issuer's fiscal year end date;

December 31

E. Principal products or services, and their markets

See above.

7) Facilities

Office Leases

Our Company's executive offices and principal operating facilities occupy 13,000 square feet of leased space located at 16901 West Glendale Drive, New Berlin, Wisconsin, under a lease from Glendale Investments, LLC, a Wisconsin limited liability company owned by three executive officers and directors of ITNM. Rent and other

terms of our lease, which expires October 31, 2018, are believed by us to be comparable to those available for similar space from unaffiliated, third-party lessors in the same area.

The Company also leases office space in 11 cities in the United States, ranging from 800 to 7,600 square feet.

The leases on all properties aside from the New Berlin, Wisconsin facility are from unaffiliated parties and range from a month-to-month basis to leases expiring in 2020. Upon the expiration of our current leases, we expect that, in each case, we will be able to obtain either a renewal lease if desired, or a new lease at an equivalent or better location, at comparable expense.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons as of March 31, 2017

| | |
|--------------------------|-------------------------------------------------------|
| <i>Donald F. Mardak</i> | <i>Chairman of the Board</i> |
| <i>John E. Strabley</i> | <i>Chief Executive Officer and Director</i> |
| <i>Dale L. Mardak</i> | <i>President and Director</i> |
| <i>David A. Powell</i> | <i>Treasurer and Chief Financial Officer</i> |
| <i>Kimberly Strabley</i> | <i>Secretary and Vice President</i> |
| <i>Mark Rothe</i> | <i>Owner of greater than 5% of outstanding shares</i> |

B. Legal/Disciplinary History.

During the past 5 years, none of the above-listed individuals have been the subject of:

- 1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);*
- 2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;*
- 3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or*
- 4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.*

C. Beneficial Shareholders.

| <i>Shares beneficially owned as of March 31, 2017</i> | | |
|-------------------------------------------------------------------|----------------------|-----------------------|
| <i>Name of Officer</i> | <i>Number</i> | <i>Percent</i> |
| <i>Donald F. Mardak</i> | 266,533 | 46.2% |
| <i>Dale L. Mardak</i> | 65,134 | 11.3% |
| <i>John E. Strabley</i> | 53,167 | 9.2% |
| <i>David A. Powell</i> | 3,052 | 0.5% |
| <i>Kimberly A. Strabley</i> | 37,700 | 6.5% |
| <i>All directors and executive officers as a group 5 persons)</i> | 425,585 | 73.8% |
| <i>Other Beneficial Owner</i> | | |
| <i>Mark Rothe</i> | 37,798 | 6.6% |

9) Third Party Providers

Legal Counsel: None

PCAOB Accountant or Auditor: None

Investor Relations Consultant: None

Other Advisors: None

10) Issuer Certifications

I, John Strabley, certify that:

1. I have reviewed this quarterly disclosure statement of International Monetary Systems, Ltd.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 21, 2017
/s/John Strabley
CEO

I, David Powell, certify that:

1. I have reviewed this quarterly disclosure statement of International Monetary Systems, Ltd.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 21, 2017
/s/ David Powell
CFO



International Monetary Systems, Ltd.

Financial Statements

INTERNATIONAL MONETARY SYSTEMS, LTD.
FINANCIAL STATEMENTS
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INTERNATIONAL MONETARY SYSTEMS, LTD.
CONSOLIDATED BALANCE SHEETS
March 31, 2017 and December 31, 2016
Unaudited

| | March 31, 2017 | December 31, 2016 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 787,545 | \$ 914,882 |
| Marketable securities | 205,082 | 201,613 |
| Accounts receivable, net | 559,814 | 710,779 |
| Prepaid expenses | 144,408 | 112,985 |
| Total current assets | <u>1,696,849</u> | <u>1,940,259</u> |
| Other assets | | |
| Property and equipment, net | 402,786 | 428,636 |
| Membership lists and other intangibles, net | 252,591 | 317,629 |
| Goodwill | 3,482,522 | 3,482,522 |
| Deferred taxes | 362,463 | 368,988 |
| Other long term assets | 64,323 | 64,323 |
| Total other assets | <u>4,564,685</u> | <u>4,662,098</u> |
| Total assets | <u>\$ 6,261,534</u> | <u>\$ 6,602,357</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 675,085 | \$ 848,786 |
| Credit lines, short term notes, and current portion of long-term debt | 703,404 | 615,697 |
| Current portion of notes payable to related parties | 240,000 | 240,000 |
| Total current liabilities | <u>1,618,489</u> | <u>1,704,483</u> |
| Long-term liabilities, net of current portions | | |
| Long term debt | 543,517 | 664,687 |
| Notes payable to related parties | 670,000 | 570,000 |
| Deferred compensation | 201,000 | 208,500 |
| Total long-term liabilities | <u>1,414,517</u> | <u>1,443,187</u> |
| Total liabilities | <u>3,033,006</u> | <u>3,147,670</u> |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Preferred stock, \$.0001 par value, 2,000,000 shares authorized, none outstanding | - | - |
| Common stock, \$.0001 par value 28,000,000 shares authorized, 576,472 and 590,379 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively | 57 | 58 |
| Additional paid in capital | 5,651,492 | 5,827,443 |
| Treasury stock, 5,795 and 620 shares at March 31, 2017 and December 31, 2016 | (33,860) | (3,483) |
| Accumulated other comprehensive income | 68,241 | 64,024 |
| Accumulated deficit | <u>(2,457,402)</u> | <u>(2,433,355)</u> |
| Total stockholders' equity | <u>3,228,528</u> | <u>3,454,687</u> |
| Total liabilities and stockholders' equity | <u>\$ 6,261,534</u> | <u>\$ 6,602,357</u> |

See accompanying notes to consolidated financial statements.

INTERNATIONAL MONETARY SYSTEMS, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME(LOSS)
Three Months Ended March 31, 2017 and 2016
Unaudited

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------------------------|--------------------|--------------------|
| Revenue | \$ 2,606,219 | \$ 2,719,431 |
| Operating expenses: | | |
| Employee costs | 1,852,294 | 1,877,230 |
| Selling, general and administrative | 661,905 | 674,206 |
| Depreciation and amortization | 98,069 | 255,753 |
| Total operating expenses | <u>2,612,268</u> | <u>2,807,189</u> |
| Loss from operations | <u>(6,049)</u> | <u>(87,758)</u> |
| Interest expense | (36,789) | (35,622) |
| Loss before income taxes | (42,838) | (123,380) |
| Income tax benefit | <u>18,790</u> | <u>64,021</u> |
| Net loss | (24,048) | (59,359) |
| Components of comprehensive income (loss): | | |
| Foreign currency translation adjustment | 749 | 3,961 |
| Unrealized gain (loss) on available for sale securities | <u>3,468</u> | <u>(1,873)</u> |
| Comprehensive income (loss) | <u>\$ (19,831)</u> | <u>\$ (57,271)</u> |
| Net income (loss) per common share – basic | <u>\$ (.04)</u> | <u>\$ (.10)</u> |
| – dilutive | <u>\$ (.04)</u> | <u>\$ (.10)</u> |
| Weighted average common shares outstanding – basic | <u>585,522</u> | <u>587,080</u> |
| – dilutive | <u>585,522</u> | <u>587,080</u> |

See accompanying notes to consolidated financial statements.

INTERNATIONAL MONETARY SYSTEMS, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2017 and 2016
Unaudited

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------------------------------------------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ (24,048) | \$ (59,359) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 98,069 | 255,753 |
| Bad debt provision | (14,010) | (11,745) |
| Changes in assets and liabilities | | |
| Accounts receivable | 115,319 | 113,929 |
| Prepaid expenses | (31,423) | (28,491) |
| Accounts payable and accrued expenses | (145,757) | (278,569) |
| Deferred income taxes | <u>6,525</u> | <u>(47,256)</u> |
| Net cash provided by (used in) operating activities | <u>4,675</u> | <u>(55,738)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | <u>(2,968)</u> | <u>(9,920)</u> |
| Net cash used in investing activities | <u>(2,968)</u> | <u>(9,920)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from related party note payable | 100,000 | - |
| Net change in credit lines | (30,000) | 105,000 |
| Payments on notes payable | (118,267) | (200,471) |
| Purchases of treasury stock | <u>(81,526)</u> | <u>(12,085)</u> |
| Net cash used in financing activities | <u>(129,793)</u> | <u>(107,556)</u> |
| Effect of exchange rate changes | <u>749</u> | <u>3,961</u> |
| Net increase in cash | (127,337) | (169,253) |
| Cash at beginning of period | <u>914,882</u> | <u>844,961</u> |
| Cash at end of period | <u><u>\$ 787,545</u></u> | <u><u>\$ 675,708</u></u> |

INTERNATIONAL MONETARY SYSTEMS, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2017 and 2016
Continued

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------------------------------------|-------------------|-------------------|
| SUPPLEMENTAL DISCLOSURES | | |
| Cash paid for interest | \$ 34,936 | \$ 35,634 |
| Cash paid for income taxes | <u>\$ 54,669</u> | <u>\$ 237,235</u> |
| SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Unrealized net (gain) on marketable securities | \$ (3,469) | \$ (1,873) |
| Repurchased stock retired | <u>\$ 175,952</u> | <u>\$ -</u> |
| Note issued for repurchased stock | <u>\$ 114,804</u> | <u>\$ -</u> |
| Trade dollars exchanged for: | | |
| Capital expenditures | \$ 4,109 | \$ 31,142 |
| Common stock repurchases | <u>\$ 10,000</u> | <u>\$ 21,702</u> |

See accompanying notes to consolidated financial statements.

INTERNATIONAL MONETARY SYSTEMS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
March 31, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month periods ended March 31, 2017, are not necessarily indicative of the results that may be expected for the year ended December 31, 2017.

The Company's Annual Report for the year ended December 31, 2016, filed with OTC Markets on March 23, 2017, should be read in conjunction with this report.

Principles of Consolidation

The consolidated financial statements for 2017 and 2016 include the accounts of International Monetary Systems, Ltd. (“IMS” or “the Company”) and its’ wholly owned subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue Sources and Cost of Revenue

The Company and its subsidiaries earn revenues in both traditional cash dollars and in IMS trade dollars.

Cash Revenue

Cash income is earned through fees assessed when a member joins, transaction fees generated when clients earn or spend their trade dollars, annual and monthly maintenance fees, finance charges on delinquent accounts receivable, and event fees.

Trade Dollar Revenue

Trade revenue is similarly generated through initial membership fees, monthly maintenance fees, transaction fees, finance charges on delinquent accounts, and event fees.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectability is reasonably assured. Transaction fees are recognized upon receipt of transactional information accumulated by our systems or reported by our clients. Membership fees, monthly maintenance fees, and other fees are billed monthly to members' accounts, and are recognized in the month the revenue is earned.

Use of Trade Dollars

The Company uses earned trade dollars to purchase various goods and services required in its operations. All barter transactions are reported at the estimated fair value of the products or services received.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation.

Recent Accounting Pronouncements

Management does not anticipate that any of the recently issued, but not yet effective, accounting pronouncements will materially impact the Company's financial condition.

NOTE 2 – CASH

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. As of March 31, 2017, the Company has cash in excess of FDIC insurance of approximately \$493,000. No losses have been incurred related to this exposure.

NOTE 4 – DEBT

In February, 2017, the Company issued notes payable to two officers for \$50,000 each. The notes are due in February, 2019, and call for quarterly payments of interest only at 8%.

The Company's indebtedness as of March 31, 2017 includes the following:

| | |
|----------------------------------------------------------------------|---------------------|
| Lines of credit payable to a financial institution, due in 2019 | \$ 70,000 |
| Notes payable to related parties, maturing between 2017 and 2019 | 910,000 |
| Notes payable to third parties, \$471,045 due in 2017 | <u>1,176,921</u> |
| Total indebtedness | 2,156,921 |
| Less current maturities, including credit lines and short term notes | <u>(943,404)</u> |
| Long term debt, net of current maturities | <u>\$ 1,213,517</u> |

Additionally, the Company has lines of credit (including the one noted above) with various financial institutions with unused borrowing capacity totaling approximately \$477,000 as of March 31, 2017, which may be drawn as needed.

A financial institution has issued a \$65,000 standby letter of credit to a landlord in lieu of a security deposit.

NOTE 5 – EQUITY

Share Buybacks

During the first quarter of 2017, the Company repurchased 19,082 shares of common stock for \$206,329 in both open market and private transactions, paying \$91,525 in cash, \$10,000 in trade dollars, and issuing a note payable in the amount of \$114,804. 13,907 of the repurchased shares, with a cost of \$175,952, were retired directly to authorized and unissued, the remaining shares were placed in Treasury.

Treasury Stock Retirements

No treasury shares were retired in the first quarter of 2017.

Stock Issued for Services

No stock has been issued for services in the first quarter of 2017.

NOTE 6 – INCOME TAXES

The difference between the combined Federal and state statutory rate and the effective rate for the three months ended March 31, 2017 relates to the difference in timing of deduction for certain expenses, primarily bad debts, amortization of acquired membership lists, and depreciation of property and equipment, and the rates at which deferred taxes were originally established.

NOTE 7 – CONTINGENT LIABILITIES

In the ordinary course of business, the Company is occasionally involved in litigation, both as plaintiff and defendant. Management either litigates or settles claims after evaluating the merits of the actions and weighing the costs of settling vs. litigating. There are currently no open litigation matters which the Company feels will result in a material loss.