



**International Monetary Systems, Ltd.**

**Quarterly Report  
For the Period Ended June 30, 2018**

**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](mailto:ir@imsbarter.com)  
Website: [www.imsbarter.com](http://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: 6/30/2018  
Total shares outstanding: 559,581 as of: 6/30/2018*

*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>
2016	Shares retired during the year	15,273
2016	Issued to Sr. Management in Dec. as part of compensation	18,000
2017	Shares retired during the year	15,207
2018	Shares retired through June 30	6,511

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

**5) Financial Statements**

*Included, beginning at page F- 1.*

**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 The Exchange/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 June 30, 2018 was:*

<i>Membership lists</i>	<i>\$ 13,622,732</i>
<i>Accumulated amortization</i>	<i>(13,539,088)</i>
<i>Net</i>	<i><u>\$ 83,644</u></i>
 <i>Goodwill</i>	 <i><u>\$ 3,482,522</u></i>

*See a 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*

*The 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 12 cities in the United States, ranging from 800 to 6,800 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 2021. 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 June 30, 2018**

<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 A. Strabley</i>	<i>Secretary and Vice President</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><b>Name of Officer</b></i>	<i>Shares beneficially owned as of June 30, 2018</i>	
	<i><b>Number</b></i>	<i><b>Percent</b></i>
<i>Donald F. Mardak</i>	<i>266,533</i>	<i>47.6%</i>
<i>Dale L. Mardak</i>	<i>65,134</i>	<i>11.6%</i>
<i>John E. Strabley</i>	<i>53,167</i>	<i>9.5%</i>
<i>David A. Powell</i>	<i>3,052</i>	<i>0.5%</i>
<i>Kimberly A. Strabley</i>	<i>37,700</i>	<i>6.7%</i>
<i>All directors and executive officers as a group 5 persons)</i>	<i>425,586</i>	<i>76.1%</i>
 <i><b>Other Beneficial Owner</b></i>		
<i>Mark Rothe</i>	<i>37,798</i>	<i>6.8%</i>

**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.

August 8, 2018  
/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.

August 8, 2018  
/s/ David Powell  
CFO



**International Monetary Systems, Ltd.**

**Financial Statements**

**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**FINANCIAL STATEMENTS (UNAUDITED)**  
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**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
June 30, 2018 and December 31, 2017  
Unaudited

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 849,002	\$ 869,378
Marketable securities	174,441	171,717
Accounts receivable, net	585,482	738,202
Prepaid expenses	137,249	117,298
Total current assets	<u>1,746,174</u>	<u>1,896,595</u>
Other assets		
Property and equipment, net	400,360	423,313
Membership lists, net	83,644	123,133
Goodwill	3,482,522	3,482,522
Deferred taxes	186,149	207,833
Other long term assets	64,323	64,323
Total other assets	<u>4,216,998</u>	<u>4,301,124</u>
Total assets	<u><u>\$ 5,963,172</u></u>	<u><u>\$ 6,197,719</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 780,813	\$ 920,693
Credit lines, short term notes, and current portion of long-term debt	459,162	366,395
Current portion of notes payable to related parties	430,000	260,000
Total current liabilities	<u>1,669,975</u>	<u>1,547,088</u>
Long-term liabilities, net of current portions		
Long term debt	45,969	346,475
Notes payable to related parties	650,000	800,000
Salary continuation agreement	163,500	178,500
Total long-term liabilities	<u>859,469</u>	<u>1,324,975</u>
Total liabilities	<u>2,529,444</u>	<u>2,872,063</u>
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock		-
Common stock	56	56
Additional paid in capital	5,525,067	5,588,067
Treasury stock	(92,873)	(1,247)
Accumulated other comprehensive income	74,519	73,922
Accumulated deficit	<u>(2,073,041)</u>	<u>(2,335,142)</u>
Total stockholders' equity	<u>3,433,728</u>	<u>3,325,656</u>
Total liabilities and stockholders' equity	<u><u>\$ 5,963,172</u></u>	<u><u>\$ 6,197,719</u></u>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME(LOSS)**  
Three and Six Months Ended June 30, 2018 and 2017  
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net revenue	<u>\$2,837,218</u>	<u>\$2,896,566</u>	<u>\$5,663,030</u>	<u>\$5,502,785</u>
Operating expenses:				
Employee costs	1,794,532	1,835,126	3,679,016	3,687,419
Selling, general and administrative	763,970	747,051	1,491,176	1,408,662
Depreciation and amortization	42,376	78,782	103,785	176,854
Total operating expenses	<u>2,600,878</u>	<u>2,660,959</u>	<u>5,273,977</u>	<u>5,272,935</u>
Income (loss) from operations	<u>236,340</u>	<u>235,607</u>	<u>389,053</u>	<u>229,850</u>
Other (expense)				
(Loss) on disposal of assets	(922)	-	(922)	-
Interest expense	<u>(31,615)</u>	<u>(35,497)</u>	<u>(64,267)</u>	<u>(72,286)</u>
Income (loss) before income taxes	203,803	200,110	323,864	157,564
Income tax (expense) benefit	<u>(42,569)</u>	<u>(75,304)</u>	<u>(61,763)</u>	<u>(56,514)</u>
Net income (loss)	161,234	124,806	262,101	101,050
Components of comprehensive income (loss):				
Foreign currency translation adjustment	(1,970)	1,368	(4,425)	2,117
Unrealized gain on available for sale securities	<u>5,851</u>	<u>14,389</u>	<u>5,022</u>	<u>17,857</u>
Comprehensive income (loss)	<u>\$ 165,115</u>	<u>\$ 140,563</u>	<u>\$ 262,698</u>	<u>\$ 121,024</u>
Net income (loss) per common share	<u>\$ .29</u>	<u>\$ .22</u>	<u>\$ .47</u>	<u>\$ .17</u>
Weighted average common shares outstanding	<u>559,714</u>	<u>576,445</u>	<u>562,729</u>	<u>580,945</u>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Six Months Ended June 30, 2018 and 2017  
Unaudited

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 262,101	\$ 101,050
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	103,785	176,854
Bad debt provision	10,533	(520)
Loss on disposal of assets	922	-
Changes in assets and liabilities		
Accounts receivable	123,787	(52,623)
Prepaid expenses	(19,951)	(25,823)
Accounts payable and accrued expenses	(154,880)	(113,634)
Deferred income taxes	21,684	13,050
Net cash provided by operating activities	<u>347,981</u>	<u>98,354</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(22,944)	(26,727)
Proceeds from sale of assets	1,377	-
Net cash (used in) investing activities	<u>(21,567)</u>	<u>(26,727)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from related party notes payable	40,000	150,000
Net change in credit lines	(30,000)	(50,000)
Payments on notes payable	(227,739)	(273,208)
Repurchases of common stock	(124,626)	(97,814)
Net cash (used in) financing activities	<u>(342,365)</u>	<u>(271,022)</u>
Effect of exchange rate changes	<u>(4,425)</u>	<u>2,117</u>
Net (decrease) in cash	(20,376)	(197,278)
Cash at beginning of period	<u>869,378</u>	<u>914,882</u>
Cash at end of period	<u><u>\$ 849,002</u></u>	<u><u>\$ 717,604</u></u>

**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Six Months Ended June 30, 2018 and 2017  
Continued

	<u>2018</u>	<u>2017</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 63,132	\$ 70,759
Cash paid for income taxes	<u>\$ 27,156</u>	<u>\$ 72,448</u>
 <b>SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Unrealized net (gain) loss on available for sale securities	<u>\$ (5,022)</u>	<u>\$ (17,792)</u>
Note issued for repurchase of stock	<u>\$ 30,000</u>	<u>\$ 114,804</u>
Trade dollars exchanged for:		
Capital assets	<u>\$ 18,400</u>	<u>\$ 7,078</u>
Common stock repurchases	<u>\$ -</u>	<u>\$ 10,000</u>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2018

**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 six-month period ended June 30, 2018, are not necessarily indicative of the results that may be expected for the year ended December 31, 2018.

The Company's Annual Report for the year ended December 31, 2017, filed with OTC Markets on March 28, 2018, should be read in conjunction with this report.

**Principles of Consolidation**

The consolidated financial statements for 2018 and 2017 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.

**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2018

**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**

Two major accounting pronouncements are effective in future years.

FASB ASC 606 regarding revenue recognition is effective for fiscal years beginning in 2018. Management does not anticipate that this accounting pronouncement will materially impact the Company's reported financial condition or results of operations.

FASB ASC 842 regarding accounting for leases is effective for fiscal years beginning in 2019. The final effects of this pronouncement are still being evaluated. Management currently estimates that this accounting pronouncement will increase non-current assets by approximately \$550,000, increase current liabilities by approximately \$300,000, and non-current liabilities by approximately \$250,000.

**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. The Company had no cash equivalents at June 30, 2018.

As of June 30, 2018, the Company has cash in excess of FDIC insurance of approximately \$546,000. No losses have been incurred related to this exposure.

**NOTE 3 – DEBT**

The Company's indebtedness as of June 30, 2018 includes the following:

Lines of credit payable to a financial institution, due in 2019	\$ 5,000
Notes payable to related parties, maturing in 2018 and 2019	1,080,000
Notes payable to third parties, maturing in 2018 and 2019	<u>500,131</u>
Total indebtedness	1,585,131
Less current maturities, including credit lines and short term notes	<u>(889,162)</u>
Long term debt, net of current maturities	<u>\$ 695,969</u>

Additionally, the Company has lines of credit (including the one noted above) with various financial institutions with unused borrowing capacity totaling approximately \$600,000 as of June 30, 2018, which may be drawn as needed.

**INTERNATIONAL MONETARY SYSTEMS, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2018

**NOTE 4 – STOCKHOLDERS' EQUITY**

**Preferred Stock**

The Company has 2,000,000 shares of preferred stock authorized at \$0.0001 par value. No preferred shares were issued or outstanding as of June 30, 2018 or December 31, 2017.

**Common Stock**

The Company has 28,000,000 shares of common stock authorized at \$0.0001 par value. At June 30, 2018 and December 31, 2017, issued and outstanding shares were 559,581 and 566,092, respectively.

**Treasury Stock**

Treasury stock consisted of 12,091 and 222 shares at June 30, 2018 and December 31, 2017, respectively.

No treasury shares have been retired in 2018.

**Share Buybacks**

During the first six months of 2018, the Company repurchased 18,380 shares of common stock for \$124,626 in cash and the issuance of a \$30,000 note, in both open market and private transactions. 6,511 of the repurchased shares, with a cost of \$63,000, were retired directly to authorized and unissued, the remaining shares were placed in Treasury.

**Stock Issued for Services**

No stock has been issued for services in the first six months of 2018.

**NOTE 5 – INCOME TAXES**

The differences between the combined Federal and state statutory rate and the effective rate for the six-month period ended June 30, 2018 relate 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 6 – 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.

**NOTE 7 - SUBSEQUENT EVENTS**

No transactions after the balance sheet date require either recognition or disclosure herein.