FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2011-11-07** | Period of Report: **2011-09-30**
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FILER

INTERNATIONAL MONETARY SYSTEMS LTD /WI/

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 000-30853

INTERNATIONAL MONETARY SYSTEMS, LTD.

(Exact name of Registrant as specified in its charter)

Wisconsin	39-1924096
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

16901 West Glendale Drive, New Berlin, Wisconsin 53151
(Address of principal executive offices)

(262) 780-3640
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ *No* ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☐ (Do not check if a smaller reporting company) Smaller Reporting Company T

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ *No* ☒

The number of shares of Common Stock, $.0001 par value, outstanding as of November 2, 2011, was 8,188,689.

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INTERNATIONAL MONETARY SYSTEMS, LTD.

INTERNATIONAL MONETARY SYSTEMS, LTD.
CONSOLIDATED BALANCE SHEETS

	September 30, 2011 (UNAUDITED)	December 31, 2010
ASSETS		
Current assets		
Cash	$ 997,593	$ 804,108
Restricted cash	244,403	41,829
Marketable securities	145,380	157,014
Accounts receivable, net	937,989	1,075,965
Earned trade account	168,211	285,282
Prepaid expenses	192,833	184,513
Total current assets	2,686,409	2,548,711
Other assets		
Property and equipment, net	681,005	727,549
Membership lists and other intangibles, net	6,103,644	6,826,464
Goodwill	3,507,522	3,435,479
Assets held for investment	183,382	179,181
Total non-current assets	10,475,553	11,168,673
Total assets	$ 13,161,962	$ 13,717,384
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 933,019	$ 1,294,213
Credit lines, short term note, and current portion of long term debt	1,240,401	465,120
Current portion of convertible notes payable, related parties	70,000	-
Current portion of common stock subject to guarantee	591,000	640,000
Total current liabilities	2,834,420	2,399,333
Long-term liabilities		
Long term debt, net of current portion	2,026,420	1,491,377
Convertible notes payable, related parties, net of current portion	255,000	120,000
Common stock subject to guarantee, net of current portion	-	178,500
Deferred compensation	290,000	290,000
Deferred income taxes	1,123,443	1,336,904
Total long-term liabilities	3,694,863	3,416,781
Total liabilities	6,529,283	5,816,114
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, $.0001 par value, 20,000,000 authorized, 0 outstanding	-	-
Common stock, $.0001 par value 280,000,000 authorized, 8,298,189 and 10,544,800 issued and outstanding September 30, 2011 and December 31, 2010, respectively	847	1,050
Paid in capital	9,398,350	13,542,436
Treasury stock, 170,851 and 904,049 shares respectively	(267,986)	(3,170,571)
Accumulated other comprehensive income (loss)	(8,900)	16,118
Accumulated deficit	(2,489,632)	(2,487,763)
Total stockholders' equity	6,632,679	7,901,270
Total liabilities and stockholders' equity	$ 13,161,962	$ 13,717,384

See accompanying notes to consolidated financial statements.

INTERNATIONAL MONETARY SYSTEMS, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net revenue	$ 3,204,786	$ 3,710,019	$ 9,516,767	$ 10,567,606
Operating expenses				
Employee costs	1,879,594	1,918,628	5,681,577	5,660,553
Selling, general and administrative	725,981	1,117,097	2,457,189	3,136,219
Depreciation and amortization	409,909	407,835	1,228,623	1,218,853
Unusual items – cost of legal settlement	-	69,181	-	177,148
Total operating expenses	3,015,484	3,512,741	9,367,389	10,192,773
Income from operations	189,302	197,278	149,378	374,833
Other income (expense)				
Loss on disposal of assets	(409)	(2,274)	(409)	(2,274)
Interest income	43	62	184	161
Interest expense	(63,348)	(52,272)	(160,971)	(154,173)
Total other income (expense)	(63,714)	(54,484)	(161,196)	(156,286)
Income (loss) before income taxes	125,588	142,794	(11,818)	218,547
Income tax (expense) benefit	(20,098)	(180,436)	9,949	(354,235)
Net income (loss)	$ 105,490	$ (37,642)	$ (1,869)	$ (135,688)
Net income (loss) per				
common share – basic	$ 0.01	$ (0.00)	$ (0.00)	$ (0.01)
- dilutive	$ 0.01	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average common				
shares outstanding – basic	8,949,610	10,529,191	9,849,885	10,434,718
- dilutive	10,273,087	10,529,191	9,849,885	10,434,718

See accompanying notes to consolidated financial statements.

INTERNATIONAL MONETARY SYSTEMS, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,869)	$ (135,688)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,228,623	1,218,853
Stock issued for services	18,800	150,582
Bad debt expense	(12,385)	58,772
Loss on disposal of assets	409	2,274
Deferred compensation	-	11,250
Changes in assets and liabilities		
Accounts receivable	206,829	203,019
Earned trade account	(69,151)	(774,233)
Tax refund receivable	-	133,000
Prepaid expenses	137,991	(66,478)
Accounts payable and accrued expenses	(361,194)	(136,197)
Deferred tax liability	(213,461)	(260,629)
Net cash provided by operating activities	934,592	404,525
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in restricted cash	(202,574)	25,389
Capital expenditures	(163,005)	(4,117)
(Increase) in marketable securities	(6,684)	(21,553)
(Increase) in cash surrender value	(4,201)	(3,873)
Net cash used by investing activities	(376,464)	(4,154)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes payable, related parties	230,000	20,000
Proceeds from notes payable	910,000	-
Net proceeds from (payments on) credit lines	18,084	(11,401)
Payments on notes payable and convertible notes payable	(226,404)	(280,398)
Purchase of treasury stock	(1,289,623)	(480,785)
Net cash used by financing activities	(357,943)	(752,584)
Foreign currency translation adjustment	(6,700)	3,244
Net increase (decrease) in cash	193,485	(348,969)
Cash at beginning of period	804,108	894,396
Cash at end of period	$ 997,593	$ 545,427
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 157,061	$ 135,741
Cash paid for income taxes	$ 277,586	$ 422,761
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized net gain (loss) on marketable securities	$ (18,318)	$ 2,705
Notes issued for acquisition of assets	$ 377,143	$ -
Notes issued for treasury stock	$ 206,500	$ -
Treasury stock retired	$ 4,423,709	$ -
Common stock issued for pre-paid services	$ 33,120	$ 68,680
Release of common stock guarantees	$ 227,500	$ 440,500
Trade dollars exchanged for:		

Capital expenditures	$	48,031	$	11,115
Prepaid expenses	$	113,191	$	73,197
Purchase of treasury stock	$	25,000	$	25,000

See accompanying notes to consolidated financial statements.

INTERNATIONAL MONETARY SYSTEMS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
September 30, 2011

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 and with the instructions to Form 10-Q and Article 10 of Regulation S-X. 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 and nine month periods ended September 30, 2011, are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

The Company's 10-K for the year ended December 31, 2010, filed on March 11, 2011, should be read in conjunction with this report.

Principles of Consolidation

The consolidated financial statements for 2011 and 2010 include the accounts of the International Monetary Systems, Ltd. ("IMS" or "the Company") and its wholly owned subsidiaries Continental Trade Exchange, Ltd., National Trade Association, Inc., INLM CN Inc. and INLM Holdings, Inc. Significant intercompany accounts and transactions have been eliminated in consolidation.

Dilutive Earnings per Share

In computing dilutive earnings per share, the weighted average shares outstanding has been adjusted to assume that all outstanding convertible notes payable as of September 30, 2011, are converted to 1,323,477 shares of common stock, the maximum allowed under the various agreements. Additionally, net income is increased by $22,633, the after tax effect of the borrowing costs relative to the convertible notes.

Revenue Sources and Cost of Revenue

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

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

Trade revenue is similarly generated through initial membership fees, monthly maintenance fees, transaction fees and event fees. Occasionally the Company will accept a favorable trade ratio in lieu of a cash fee. 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. Revenues are 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, finance charges, and other fees are billed monthly to members' accounts, and are recognized in the month the revenue is earned.

Occasionally, the Company sells IMS trade dollars for US dollars. The cash received in these sales is included in gross revenue and the carrying value of the trade dollars up to the value of the cash received is netted against revenue, with any excess cost included in selling, general and administrative expenses.

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 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 September 30, 2011, the Company has cash in excess of FDIC insurance of $445,121. No losses have been incurred related to this credit risk exposure.

NOTE 3 – DEBT

Acquisition Financing

On March 1, 2011, the Company issued a note in the amount of $20,443 as part of the acquisition of the assets of a trade exchange in Peterborough, Ontario. The note calls for monthly payments of $1,704.

On September 30, 2011, the Company issued a non-interest bearing note in the amount of $390,000 for the purchase of certain assets of a trade exchange in St. Louis, Missouri. The note calls for payments of $50,000 on January 5, 2012, $50,000 on January 5, 2013 and $50,000 on September 1, 2013, with the remaining payments of the note dependent on when the former owner ends his employment with IMS. A discount of $33,100 was recorded assuming a discount rate of 3.5%. The discount will be recognized as interest expense ratably over the life of the note.

Stock Repurchase Financing

To help fund the planned increase in the stock repurchase plan described in Note 4, the Company issued the following notes payable during the nine months ended September 30, 2011:

> Unsecured notes payable issued to individuals totaling $530,000. The notes call for monthly payments totaling $21,405, including interest at rates of 8-10%. The notes are due at dates ranging from May, 2012 to January, 2014.
>
> Unsecured convertible notes payable issued to related parties totaling $230,000. The notes call for quarterly interest payments at 8% and allow for conversion to IMS common stock at fixed prices from $.75 to $1.00 per share. The notes are due at dates ranging from May, 2012 to June, 2013.
>
> Unsecured convertible notes payable issued to individuals totaling $380,000. The notes contain payment terms ranging from quarterly interest payments to monthly payments with interest generally at 8%. Provisions of the notes allow for conversion of the outstanding balance of the notes to IMS common stock at a $1.00 per share. The notes are due at dates ranging from April, 2012 to August, 2014.
>
> Unsecured notes payable totaling $206,500 issued to individuals in exchange for outstanding shares of the company stock. The notes call for monthly payments totaling $11,650 including interest at rates from 8-10%, and are due between September, 2012 and August, 2014.

On July 11, 2011, the Company repaid $25,000 of a note from a related party. The terms on the outstanding balance of $25,000 remain unchanged.

On July 15, 2011, a note payable to an individual in the amount of $100,000 was renewed. The new note calls for monthly payments of $4,614, including interest at 10%, for two years.

The Company's indebtedness as of September 30, 2011 includes the following:

Lines of credit payable to financial institutions, due in 2012	$	243,866
Convertible notes payable to related parties, mature in 2012 and 2013		325,000
Notes payable to third parties, $110,984 due in 2011		1,484,817
Convertible notes payable, fixed conversion terms, $38,595 mature in 2011		1,538,138

Total indebtedness		3,591,821
Less current maturities, including credit lines and short term debt		1,310,401
Long term debt, net of current maturities	$	2,281,420

Additionally, the Company has letters of credit with various financial institutions with unused borrowing capacity totaling approximately $420,000 as of September 30, 2011, which may be drawn as needed.

A financial institution has issued a $75,000 standby letter of credit to a landlord in lieu of a security deposit.

Common Shares Subject to Guarantees

As part of various prior acquisition agreements which included stock consideration by the Company, the Company guaranteed the stock price of the stock consideration based on the fair market value of the stock at the time of the applicable acquisition agreements. Accordingly, the guaranteed values of the shares are recorded as a liability on the accompanying financial statements.

The Company's obligation under common stock price guarantees as of September 30, 2011 totaled $591,000, all of which is current based on the scheduled redemption allowances as provided for in the underlying agreements. $456,000 of the total is payable to a director of the Company.

NOTE 4 – EQUITY

Common Stock Guarantee Repurchase

In each of the first three quarters of 2011, IMS repurchased 5,000 shares of common stock at $3.00 per share, thereby releasing a total of $45,000 of common stock guarantee.

In April, 2011, IMS repurchased 35,000 shares of common stock at $4.50 per share, thereby releasing $157,500 of common stock guarantee.

In June, 2011, IMS repurchased 8,333 shares of common stock at $3.00 per share using 25,000 trade dollars, thereby releasing $25,000 of common stock guarantee.

Share Buyback Program

On April 26, and again on June 14, 2011, the Company's board of directors approved expansions of the previously authorized stock repurchase plan. Management is now authorized to repurchase up to 2,000,000 shares of the outstanding stock of the Company.

In accordance with the plan, the Company has repurchased 1,528,078 shares at a cost of $1,293,623 during the first nine months of 2011. Of these purchases, 817,395 shares at a cost of $781,884 were completed during the third quarter of 2011. All shares were purchased in various open market and private transactions and placed in treasury at the time of purchase.

Treasury Stock Retirements

During the second quarter of 2011, the Company retired 1,648,064 shares of treasury stock which had been acquired at a cost of $3,831,458. The carrying values of the retired shares were reclassified to common stock par value and paid in capital.

During the third quarter of 2011, the Company retired 671,547 shares of treasury stock which had been acquired at a cost of $592,251. The carrying values of the retired shares were reclassified to common stock par value and paid in capital.

Stock Issued as Compensation

In April 2011, the Company issued 15,000 shares to a consulting firm for services rendered. The fair value of the stock was $9,000.

As part of the board of directors' compensation package for the board year July 1, 2011 to June 30, 2012, 8,000 shares of stock were issued to each of the six independent directors on July 25, 2011. The fair value of the shares was $33,120.

In August 2011, the Company issued 10,000 shares to a consulting firm for services rendered. The fair value of the stock was $9,800.

Stock Options

The Company adopted an incentive stock option plan under which certain officers, key employees, or prospective employees may purchase shares of the Company's stock at an established exercise price, which shall not be less than the fair market value at the time the option is granted. Final exercise date is any time prior to the five-year anniversary of the first exercise date. During the first nine months of 2011, there were no outstanding options.

Stock Warrants

No warrants were issued in the current period.

366,667 warrants, which could have been used to buy shares of the Company's common stock at $3.30 per share, expired May 31, 2011.

There are no warrants outstanding as of September 30, 2011.

NOTE 5 – INCOME TAXES

The difference between the combined Federal and state statutory rate and the effective rate for the three months and nine months ended September 30, 2011 relates to the difference in timing of deduction for certain expenses, primarily bad debt, amortization of acquired membership lists, and a legal settlement.

NOTE 6 – COMPREHENSIVE INCOME (LOSS)

ASC 220 establishes rules for reporting and displaying of comprehensive income and its components. Comprehensive income (loss) is the sum of the net income (loss) as reported in the consolidated statements of operations and other comprehensive income transactions. Other comprehensive income transactions that currently apply to the Company result from changes in exchange rates used in translating the financial statements of its wholly owned subsidiary in Ontario, Canada.

Comprehensive income (loss) consisted of the following for the three and nine months ended September 30, 2011 and 2010:

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Net income (loss)	$ 105,490	$ (37,642)	$ (1,869)	$ (135,688)
Foreign currency translation adjustment	(13,267)	3,362	(6,700)	3,244
Unrealized gain (loss) on available for sale securities	(23,914)	14,957	(18,318)	2,705
Comprehensive income (loss)	$ 68,309	$ (19,323)	$ (26,887)	$ (129,739)

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.

In March, 2011, the Company was notified of two separate complaints filed with the EEOC by two former employees, one alleges retaliation, and the other discrimination. The Company feels that both complaints are without merit and intends to vigorously defend its interests. Accordingly, no accrual for future loss is deemed necessary by management.

NOTE 8 – ACQUISITIONS

On March 1, 2011, the Canadian subsidiary of the Company purchased selected assets of Nationwide Barter of Peterborough Ontario for $61,325. This purchase was deemed by management to be a business combination under ASC 805. IMS paid $20,440 in cash, $20,442 in trade dollars and issued a note for $20,443. Of the total purchase price, $33,218 was allocated to intangibles ($12,975 to the membership list and $20,243 to goodwill).

On September 30, 2011, the Company purchased selected assets of NCE, Inc. which operated a trade exchange in St. Louis, Missouri. This purchase was deemed by management to be a business combination under ASC 805. IMS paid $10,000 in cash and issued a note for $356,900, net of interest discount of $33,100. Assets acquired and values assigned, based on the estimated fair values of the assets, were: accounts receivable $56,467, furniture and equipment $7,500, membership list $203,133, non-compete agreement $48,000, and goodwill $51,800.

The future cash flows of the St. Louis exchange may negatively or positively impact the final purchase price. Management does not expect any adjustment to the purchase price based on this contingency.

NOTE 9 – SUBSEQUENT EVENTS

On October 19, 2011, the board of directors approved an expansion of the stock repurchase plan to authorize repurchase of such additional shares of Company stock as management deems appropriate at prices not to exceed $4.00 per share.

Subsequent to quarter end, the company repurchased approximately 108,000 shares at an approximate cost of $ 200,000 in accordance with the stock repurchase plan described above.

On November 2, 2011, the Company issued an unsecured note payable to an officer for $40,000. The note calls for quarterly interest payments at a rate of 10%. The note is due in November, 2013.

INTERNATIONAL MONETARY SYSTEMS, LTD.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In addition to current and historical information, this Quarterly Report on Form 10-Q contains forward-looking statements. These statements relate to our future operations, prospects, potential products, services, developments, business strategies or our future financial performance. These statements can generally be identified by the use of terms such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “future,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “target,” “will” or the negative of these terms or other similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual events or results may differ materially. We undertake no obligation to update or revise publicly any forward-looking statement after the date of this report, whether as a result of new information, future events or otherwise.

RESULTS OF OPERATIONS

HIGHLIGHTS

Operations

- Cash provided by operations was $934,592 in 2011 compared to $404,525 in the first nine months of 2010, a 131% increase.
- During the current year, the Company completed the purchase of two trade exchanges, one in Peterborough, Ontario and one in St. Louis, Missouri, adding approximately 900 members. It is expected that the additional offices will be immediately accretive.
- During the current year, selling, general and administrative costs were reduced by $679,030, or 20.3%.
- The Company has begun the process of registering in a number of states to offer IMS franchises.

Return to Shareholders

Management and the board of directors feel that the stock of the Company is significantly undervalued and presents an attractive opportunity to reinvest. In the first nine months of 2011, the following steps were taken to position the Company to take advantage of this opportunity:

- The board of directors approved increases in the amount of stock that is authorized to be repurchased, granting management discretion to buy back the Company’s stock at up to $4.00 per share.
- Financing was secured at attractive, flexible terms to allow for repurchase of shares without hindering operating cash flow.
- 1,528,078 shares of the Company’s stock have been repurchased so far this year under the Company’s stock repurchase back plan.
- 2,319,611 shares of Treasury stock have been retired through September 30, 2011, reducing the number of outstanding shares to 8,298,189.

CURRENT QUARTER

During the quarter ended September 30, 2011 International Monetary Systems (“IMS” or “the Company) generated revenues of $3,204,786, a decrease of $505,233 or 13.6%, compared to the third quarter of 2010. This decrease is almost entirely due to decreased trade dollar revenue, including a large non-recurring transaction in our media/corporate barter division which provided approximately $240,000 in trade dollar revenue in 2010.

Operating expenses in the quarter were $3,015,484 a decrease of $497,257 or 14.2% compared to the third quarter of 2010. This decrease is comprised of $95,000 of decreased occupancy expenses, a decrease of $160,000 in legal and professional fees, $42,000 less provision for uncollectable accounts and $50,000 less investor relations costs.

The net operating income was $189,302 for the quarter, compared to net operating income of $197,278 in the third quarter of 2010. After adjusting for interest and income taxes, net income for the current period was $105,490 compared to a net loss of $(37,642) in the third quarter of 2010.

EBITDA for the quarters ended September 30, 2011 and 2010 were as follows:

Adjustments to Reconcile GAAP Net Income to EBITDA

	2011	2010
Net income (loss)	$ 105,490	$ (37,642)
Interest expense	63,348	52,272
Income tax expense (benefit)	20,098	180,436
Depreciation and amortization	409,909	407,835
EBITDA	$ 598,845	$ 602,901

YEAR TO DATE

During the nine months ended September 30, 2011 IMS generated revenues of $9,516,767, a decrease of $1,050,839 or 9.9%, compared to the nine months ended September 30, 2010. The decrease is due to lower trade dollar revenue, including approximately $650,000 in large non-recurring transactions in our media/corporate barter division in 2010.

Operating expenses were $9,367,389, a decrease of $825,384 or 8.10%, compared to the nine months ended September 30, 2010.

This decrease is primarily due to decreased occupancy costs of $169,000, $390,000 less legal and professional fees expense, and $136,000 less in investor relations costs. These savings are partially offset by higher employee costs arising from higher health insurance and unemployment insurance costs as well as continued investment in our tele-selling model.

The net operating income was $149,378 for the nine months ended September 30, 2011, compared to a net operating profit of $374,833 in the same period of 2010. After adjusting for interest and income taxes, there was a net loss for the first nine months of 2011, of $(1,869) compared to a net loss of $(135,688) in the first nine months of 2010. The differences are the large non- recurring transactions described above offset by reductions in operating costs and income tax expense.

Cash flow from operations improved from $404,525 in the first nine months of 2010 to $934,592 in the first nine months of 2011, an increase of 231%. This is primarily due to increased utilization of trade dollars earned.

EBITDA for the nine months ended September 30, 2011 and 2010 were as follows:

Adjustments to Reconcile GAAP Net (Loss) to EBITDA

	2011	2010
Net (loss)	$ (1,869)	$ (135,688)
Interest expense	160,971	154,173
Income tax expense (benefit)	(9,949)	354,235
Depreciation and amortization	1,228,623	1,218,853
EBITDA	$ 1,377,776	$ 1,591,573

LIQUIDITY, SOURCES OF CAPITAL AND LINES OF CREDIT

On September 30, 2011, there was a working capital deficit of $148,011.

The Company's Chicago office was moved in January 2011 resulting in a cash flow savings of approximately $20,000 per month.

We believe that current cash needs can be met with the current cash balance and from working capital generated from operations over the next 12 months. Additionally, the Company has letters of credit with various financial institutions with unused borrowing capacity totaling approximately $420,000, which may be drawn as needed.

CRITICAL ACCOUNTING POLICIES

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are affected by management's applications of accounting policies. Critical accounting policies for IMS include the following:

REVENUE SOURCES AND REVENUE RECOGNITION

The Company and its subsidiaries earn revenue in both traditional cash dollars and in IMS trade dollars. Cash income is earned through fees assessed when a member joins, transaction fees generated when clients earn or spend their trade dollars, monthly and annual maintenance fees, finance charges on delinquent accounts receivable, and event fees.

Trade revenue is similarly generated through initial membership fees, monthly and annual maintenance fees, transaction fees and event fees. Occasionally the Company will accept a favorable trade ratio in lieu of a cash fee. 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. Revenues are 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, finance charges, and other fees are billed monthly to members' accounts, and are recognized in the month the revenue is earned.

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are stated at face value, net of the allowance for bad debts. Finance charges on receivables are calculated using the simple interest method on the amount outstanding.

The allowance for bad debts is maintained at a level that is management's best estimate of probable bad debts incurred as of the balance sheet date. Management's determination of the adequacy of the allowance is based on an evaluation of the accounts receivable, past collection experience, current economic conditions, volume, growth and composition of the accounts receivable, and other relevant factors. Actual results may differ from these estimates. The allowance is increased by provisions for bad debts charged against income and decreased by accounts written off as uncollectable.

GOODWILL AND MEMBERSHIP LISTS

Goodwill and membership lists are stated at cost and arise when IMS acquires another company or the assets of another trade exchange. Membership lists are amortized over the estimated life of ten years.

The Company accounts for goodwill and other intangibles in accordance with FASB ASC 350, which requires that goodwill and intangible assets with indefinite lives be tested annually for impairment, or whenever evidence suggests impairment. It is the Company's policy to test impairment at the end of each year. Therefore, no impairment of goodwill or membership lists was recorded in the first nine months of 2011.

INCOME TAXES

The Company accounts for income taxes in accordance with FASB ASC 740. Under ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

RECENT ACCOUNTING PRONOUNCEMENTS

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

OFF BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements or other relationships with unconsolidated entities.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required by Smaller Reporting Companies.

ITEM 4 CONTROLS AND PROCEDURES

Members of our management, including John E Strabley, our Chief Executive Officer, and David A. Powell, our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures, as of September 30, 2011, the end of the period covered by this report. Based upon that evaluation, Mr. Strabley and Mr. Powell concluded that our disclosure controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of International Monetary Systems, Ltd. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management conducted an evaluation of the effectiveness of the internal controls over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2011. Based on management's assessment and those criteria, management believes that the internal controls over financial reporting, including disclosure controls and procedures, as of September 30, 2011, were effective.

Changes in Internal Controls

In our Annual Report filed on March 11, 2011, we reported that management believed that the internal control over financial reporting as of December 31, 2010, was effective with regards to controls over financial reporting.

There were no changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the current quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II. Other Information

Item 1 Legal Proceedings

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.

In December, 2010, the Company agreed to a settlement in a lawsuit against the Company in Superior Court of California, filed by the former CFO. The settlement agreement required a lump sum payment of $100,000 in December, 2010 and monthly installment payments of $20,000 from February through December, 2011.

In March, 2011, the Company was notified of two separate complaints filed with the EEOC by two former employees, one alleging discrimination, and one alleging retaliation. The Company feels that both complaints are without merit and intends to vigorously defend its interests.

There are no other material legal actions pending against the Company.

Item 1A Risk Factors – Not applicable for Smaller Reporting Companies.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities.

Repurchases were as follows:

Period	Total Number of Shares Purchased		Average Price Paid Per Share	Maximum Number of Shares That May Yet be Purchased Under the Plans
Purchase related stock buyback guarantees				
July 1 to July 31, 2011	1,667	$	3.00	149,667
August 1 to August 31, 2011	1,667	$	3.00	148,000
September 1 to September 30, 2011	1,667	$	3.00	146,333
Board Authorized repurchase plan				
July 1 to July 31, 2011	339,437	$	.69	
August 1 to August 31, 2011	212,291	$	.89	
September 1 to September 30, 2011	265,667	$	1.35	no maximum

Item 3. Defaults Upon Senior Securities – None

Item 4. Removed and Reserved

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act.

31.2 Certification of Principal Financial and Accounting Officer Pursuant to Rule 13a-14(a) of the Exchange Act.

32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

International Monetary Systems, Ltd. (Registrant)

/s/ John E. Strabley
John E. Strabley, Chief Executive Officer
(Principal Executive Officer)

November 7, 2011

/s/ David A. Powell
David A. Powell, Chief Financial Officer
(Principal Accounting and Financial Officer)

November 7, 2011

Exhibit 31.1

CERTIFICATION

I, John E. Strabley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of International Monetary Systems, Ltd..;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John E. Strabley
John E. Strabley, Chief Executive Officer
(Principal Executive Officer)

November 7, 2011

Exhibit 31.2

CERTIFICATION

I, David A. Powell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of International Monetary Systems, Ltd..;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David A. Powell
David A. Powell, CFO
(Principal Accounting and Financial Officer)

November 7, 2011

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of International Monetary Systems, Ltd. ("Company") on Form 10-Q for the period ending September 30, 2011, filed with the Securities and Exchange Commission ("Report"), I, John E. Strabley, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ John E. Strabley
John E. Strabley, Chief Executive Officer
(Principal Executive Officer)

November 7, 2011

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of International Monetary Systems, Ltd. ("Company") on Form 10-Q for the period ending September 30, 2011, as filed with the Securities and Exchange Commission ("Report"), I, David A. Powell, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ David A. Powell
David A. Powell, CFO
(Principal Accounting and Financial Officer)

November 7, 2011

CONSOLIDATED BALANCE SHEETS (PARENTHETICALS) (USD $)	Sep. 30, 2011	Dec. 31, 2010
Statement Of Financial Position [Abstract]		
Preferred stock, par value (in dollars per share)	$ 0.0001	$ 0.0001
Preferred stock, shares authorized	20,000,000	20,000,000
Preferred stock, shares oustanding	0	0
Common stock, par value (in dollars per share)	$ 0.0001	$ 0.0001
Common stock, shares authorized	280,000,000	280,000,000
Common stock, shares issued	8,298,189	10,544,800
Common stock, shares oustanding	8,298,189	10,544,800
Treasury stock, shares	170,851	904,049

CONSOLIDATED STATEMENTS OF OPERATIONS (USD $)	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Net revenue	$ 3,204,786	$ 3,710,019	$ 9,516,767	$ 10,567,606
Employee costs	1,879,594	1,918,628	5,681,577	5,660,553
Selling, general and administrative	725,981	1,117,097	2,457,189	3,136,219
Depreciation and amortization	409,909	407,835	1,228,623	1,218,853
Unusual items – cost of legal settlement	0	69,181	0	177,148
Total operating expenses	3,015,484	3,512,741	9,367,389	10,192,773
Income (loss) from operations	189,302	197,278	149,378	374,833
Other income (expense)				
Loss on disposal of assets	(409)	(2,274)	(409)	(2,274)
Interest income	43	62	184	161
Interest expense	(63,348)	(52,272)	(160,971)	(154,173)
Total other income (expense)	(63,714)	(54,484)	(161,196)	(156,286)
Income (loss) before income taxes	125,588	142,794	(11,818)	218,547
Income tax (expense) benefit	(20,098)	(180,436)	9,949	(354,235)
Net income (loss)	$ 105,490	$ (37,642)	$ (1,869)	$ (135,688)
Net income (loss) per common share - basic	$ 0.01	$ 0	$ 0	$ (0.01)
Net income (loss) per common share - dilutive	$ 0.01	$ 0	$ 0	$ (0.01)
Weighted average common shares outstanding - basic	8,949,610	10,529,191	9,849,885	10,434,718
Weighted average common shares outstanding - dilutive	10,273,087	10,529,191	9,849,885	10,434,718

DOCUMENT AND ENTITY INFORMATION	9 Months Ended Sep. 30, 2011	Nov. 02, 2011
Document and Entity Information [Abstract]		
Entity Registrant Name	INTERNATIONAL MONETARY SYSTEMS LTD /WI/	
Entity Central Index Key	0001097430	
Entity Current Reporting Status	Yes	
Current Fiscal Year End Date	--12-31	
Entity Filer Category	Smaller Reporting Company	
Entity Common Stock, Shares Outstanding		8,188,689
Document Type	10-Q	
Document Period End Date	Sep. 30, 2011	
Amendment Flag	false	
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q3	

CONTINGENT LIABILITIES	9 Months Ended Sep. 30, 2011
Contingent Liabilities [Abstract]	
Contingent Liabilities Disclosure [Text Block]	**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. In March, 2011, the Company was notified of two separate complaints filed with the EEOC by two former employees, one alleges retaliation, and the other discrimination. The Company feels that both complaints are without merit and intends to vigorously defend its interests. Accordingly, no accrual for future loss is deemed necessary by management.

DEBT	9 Months Ended Sep. 30, 2011
Debt Disclosure [Abstract]	
Debt Disclosure [Text Block]	**NOTE 3 – DEBT**

Acquisition Financing

On March 1, 2011, the Company issued a note in the amount of $20,443 as part of the acquisition of the assets of a trade exchange in Peterborough, Ontario. The note calls for monthly payments of $1,704.

On September 30, 2011, the Company issued a non-interest bearing note in the amount of $390,000 for the purchase of certain assets of a trade exchange in St. Louis, Missouri. The note calls for payments of $50,000 on January 5, 2012, $50,000 on January 5, 2013 and $50,000 on September 1, 2013, with the remaining payments of the note dependent on when the former owner ends his employment with IMS. A discount of $33,100 was recorded assuming a discount rate of 3.5%. The discount will be recognized as interest expense ratably over the life of the note.

Stock Repurchase Financing

To help fund the planned increase in the stock repurchase plan described in Note 4, the Company issued the following notes payable during the nine months ended September 30, 2011:

> Unsecured notes payable issued to individuals totaling $530,000. The notes call for monthly payments totaling $21,405, including interest at rates of 8-10%. The notes are due at dates ranging from May, 2012 to January, 2014.
>
> Unsecured convertible notes payable issued to related parties totaling $230,000. The notes call for quarterly interest payments at 8% and allow for conversion to IMS common stock at fixed prices from $.75 to $1.00 per share. The notes are due at dates ranging from May, 2012 to June, 2013.
>
> Unsecured convertible notes payable issued to individuals totaling $380,000. The notes contain payment terms ranging from quarterly interest payments to monthly payments with interest generally at 8%. Provisions of the notes allow for conversion of the outstanding balance of the notes to IMS common stock at a $1.00 per share. The notes are due at dates ranging from April, 2012 to August, 2014.
>
> Unsecured notes payable totaling $206,500 issued to individuals in exchange for outstanding shares of the company stock. The notes call for monthly payments totaling $11,650 including interest at rates from 8-10%, and are due between September, 2012 and August, 2014.

On July 11, 2011, the Company repaid $25,000 of a note from a related party. The terms on the outstanding balance of $25,000 remain unchanged.

On July 15, 2011, a note payable to an individual in the amount of $100,000 was renewed. The new note calls for monthly payments of $4,614, including interest at 10%, for two years.

The Company's indebtedness as of September 30, 2011 includes the following:

Lines of credit payable to financial institutions, due in 2012	$ 243,866
Convertible notes payable to related parties, mature in 2012 and 2013	325,000
Notes payable to third parties, $110,984 due in 2011	1,484,817
Convertible notes payable, fixed conversion terms, $38,595 mature in 2011	1,538,138
Total indebtedness	3,591,821
Less current maturities, including credit lines and short term debt	1,310,401
Long term debt, net of current maturities	$ 2,281,420

Additionally, the Company has letters of credit with various financial institutions with unused borrowing capacity totaling approximately $420,000 as of September 30, 2011, which may be drawn as needed.

A financial institution has issued a $75,000 standby letter of credit to a landlord in lieu of a security deposit.

Common Shares Subject to Guarantees

As part of various prior acquisition agreements which included stock consideration by the Company, the Company guaranteed the stock price of the stock consideration based on the fair market value of the stock at the time of the applicable acquisition agreements. Accordingly, the guaranteed values of the shares are recorded as a liability on the accompanying financial statements.

The Company's obligation under common stock price guarantees as of September 30, 2011 totaled $591,000, all of which is current based on the scheduled redemption allowances as provided for in the underlying agreements. $456,000 of the total is payable to a director of the Company.

SUBSEQUENT EVENTS	9 Months Ended Sep. 30, 2011
Subsequent Events [Abstract]	
Subsequent Events [Text Block]	**NOTE 9 – SUBSEQUENT EVENTS** On October 19, 2011, the board of directors approved an expansion of the stock repurchase plan to authorize repurchase of such additional shares of Company stock as management deems appropriate at prices not to exceed $4.00 per share. Subsequent to quarter end, the company repurchased approximately 108,000 shares at an approximate cost of $ 200,000 in accordance with the stock repurchase plan described above. On November 2, 2011, the Company issued an unsecured note payable to an officer for $40,000. The note calls for quarterly interest payments at a rate of 10%. The note is due in November, 2013.

ACQUISITIONS	9 Months Ended Sep. 30, 2011
Acquisition [Abstract]	
Acquisition [Text Block]	**NOTE 8 – ACQUISITIONS** On March 1, 2011, the Canadian subsidiary of the Company purchased selected assets of Nationwide Barter of Peterborough Ontario for $61,325. This purchase was deemed by management to be a business combination under ASC 805. IMS paid $20,440 in cash, $20,442 in trade dollars and issued a note for $20,443. Of the total purchase price, $33,218 was allocated to intangibles ($12,975 to the membership list and $20,243 to goodwill). On September 30, 2011, the Company purchased selected assets of NCE, Inc. which operated a trade exchange in St. Louis, Missouri. This purchase was deemed by management to be a business combination under ASC 805. IMS paid $10,000 in cash and issued a note for $356,900, net of interest discount of $33,100. Assets acquired and values assigned, based on the estimated fair values of the assets, were: accounts receivable $56,467, furniture and equipment $7,500, membership list $203,133, non-compete agreement $48,000, and goodwill $51,800. The future cash flows of the St. Louis exchange may negatively or positively impact the final purchase price. Management does not expect any adjustment to the purchase price based on this contingency.

BASIS OF PRESENTATION	9 Months Ended Sep. 30, 2011
Organization, Consolidation and Presentation Of Financial Statements [Abstract]	
Business Description and Basis of Presentation [Text Block]	

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 and with the instructions to Form 10-Q and Article 10 of Regulation S-X. 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 and nine month periods ended September 30, 2011, are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

The Company's 10-K for the year ended December 31, 2010, filed on March 11, 2011, should be read in conjunction with this report.

Principles of Consolidation

The consolidated financial statements for 2011 and 2010 include the accounts of the International Monetary Systems, Ltd. (“IMS” or “the Company”) and its wholly owned subsidiaries Continental Trade Exchange, Ltd., National Trade Association, Inc., INLM CN Inc. and INLM Holdings, Inc. Significant intercompany accounts and transactions have been eliminated in consolidation.

Dilutive Earnings per Share

In computing dilutive earnings per share, the weighted average shares outstanding has been adjusted to assume that all outstanding convertible notes payable as of September 30, 2011, are converted to 1,323,477 shares of common stock, the maximum allowed under the various agreements. Additionally, net income is increased by $22,633, the after tax effect of the borrowing costs relative to the convertible notes.

Revenue Sources and Cost of Revenue

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

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

Trade revenue is similarly generated through initial membership fees, monthly maintenance fees, transaction fees and event fees. Occasionally the Company will accept a favorable trade ratio in lieu of a cash fee. 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. Revenues are 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, finance charges, and other fees are billed monthly to members' accounts, and are recognized in the month the revenue is earned.

Occasionally, the Company sells IMS trade dollars for US dollars. The cash received in these sales is included in gross revenue and the carrying value of the trade dollars up to the value of the cash received is netted against revenue, with any excess cost included in selling, general and administrative expenses.

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 the recently issued but not yet effective accounting pronouncements will materially impact the Company's financial condition.

EQUITY	9 Months Ended Sep. 30, 2011
Stockholders Equity and Stock Transactions [Abstract]	
Shareholders' Equity and Share-based Payments [Text Block]	**NOTE 4 – EQUITY** **Common Stock Guarantee Repurchase** In each of the first three quarters of 2011, IMS repurchased 5,000 shares of common stock at $3.00 per share, thereby releasing a total of $45,000 of common stock guarantee. In April, 2011, IMS repurchased 35,000 shares of common stock at $4.50 per share, thereby releasing $157,500 of common stock guarantee. In June, 2011, IMS repurchased 8,333 shares of common stock at $3.00 per share using 25,000 trade dollars, thereby releasing $25,000 of common stock guarantee. **Share Buyback Program** On April 26, and again on June 14, 2011, the Company's board of directors approved expansions of the previously authorized stock repurchase plan. Management is now authorized to repurchase up to 2,000,000 shares of the outstanding stock of the Company. In accordance with the plan, the Company has repurchased 1,528,078 shares at a cost of $1,293,623 during the first nine months of 2011. Of these purchases, 817,395 shares at a cost of $781,884 were completed during the third quarter of 2011. All shares were purchased in various open market and private transactions and placed in treasury at the time of purchase. **Treasury Stock Retirements** During the second quarter of 2011, the Company retired 1,648,064 shares of treasury stock which had been acquired at a cost of $3,831,458. The carrying values of the retired shares were reclassified to common stock par value and paid in capital. During the third quarter of 2011, the Company retired 671,547 shares of treasury stock which had been acquired at a cost of $592,251. The carrying values of the retired shares were reclassified to common stock par value and paid in capital. **Stock Issued as Compensation** In April 2011, the Company issued 15,000 shares to a consulting firm for services rendered. The fair value of the stock was $9,000. As part of the board of directors' compensation package for the board year July 1, 2011 to June 30, 2012, 8,000 shares of stock were issued to each of the six independent directors on July 25, 2011. The fair value of the shares was $33,120.

In August 2011, the Company issued 10,000 shares to a consulting firm for services rendered. The fair value of the stock was $9,800.

Stock Options

The Company adopted an incentive stock option plan under which certain officers, key employees, or prospective employees may purchase shares of the Company's stock at an established exercise price, which shall not be less than the fair market value at the time the option is granted. Final exercise date is any time prior to the five-year anniversary of the first exercise date. During the first nine months of 2011, there were no outstanding options.

Stock Warrants

No warrants were issued in the current period.

366,667 warrants, which could have been used to buy shares of the Company’s common stock at $3.30 per share, expired May 31, 2011.

There are no warrants outstanding as of September 30, 2011.

INCOME TAXES	9 Months Ended Sep. 30, 2011
Income Tax Disclosure [Abstract]	
Income Tax Disclosure [Text Block]	**NOTE 5 – INCOME TAXES** The difference between the combined Federal and state statutory rate and the effective rate for the three months and nine months ended September 30, 2011 relates to the difference in timing of deduction for certain expenses, primarily bad debt, amortization of acquired membership lists, and a legal settlement.

COMPREHENSIVE INCOME (LOSS)	9 Months Ended Sep. 30, 2011
Other Comprehensive Income (Loss), Net Of Tax [Abstract]	
Comprehensive Income (Loss) Note [Text Block]	**NOTE 6 – COMPREHENSIVE INCOME (LOSS)**

ASC 220 establishes rules for reporting and displaying of comprehensive income and its components. Comprehensive income (loss) is the sum of the net income (loss) as reported in the consolidated statements of operations and other comprehensive income transactions. Other comprehensive income transactions that currently apply to the Company result from changes in exchange rates used in translating the financial statements of its wholly owned subsidiary in Ontario, Canada.

Comprehensive income (loss) consisted of the following for the three and nine months ended September 30, 2011 and 2010:

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Net income (loss)	$ 105,490	$ (37,642)	$ (1,869)	$ (135,688)
Foreign currency translation adjustment	(13,267)	3,362	(6,700)	3,244
Unrealized gain (loss) on available for sale securities	(23,914)	14,957	(18,318)	2,705
Comprehensive income (loss)	$ 68,309	$ (19,323)	$ (26,887)	$ (129,739)

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $)	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,869)	$ (135,688)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,228,623	1,218,853
Stock issued for services	18,800	150,582
Bad debt expense	(12,385)	58,772
Loss on disposal of assets	409	2,274
Deferred compensation	0	11,250
Changes in assets and liabilities		
Accounts receivable	206,829	203,019
Earned trade account	(69,151)	(774,233)
Tax refund receivable	0	133,000
Prepaid expenses	137,991	(66,478)
Accounts payable and accrued expenses	(361,194)	(136,197)
Deferred tax liability	(213,461)	(260,629)
Net cash provided by operating activities	934,592	404,525
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in restricted cash	(202,574)	25,389
Capital expenditures	(163,005)	(4,117)
(Increase) in marketable securities	(6,684)	(21,553)
(Increase) in cash surrender value	(4,201)	(3,873)
Net cash used by investing activities	(376,464)	(4,154)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes payable, related parties	230,000	20,000
Proceeds from notes payable	910,000	0
Net proceeds from (payments on) credit lines	18,084	(11,401)
Payments on notes payable and convertible notes payable	(226,404)	(280,398)
Purchase of treasury stock	(1,289,623)	(480,785)
Net cash used by financing activities	(357,943)	(752,584)
Foreign currency translation adjustment	(6,700)	3,244
Net increase (decrease) in cash	193,485	(348,969)
Cash at beginning of period	804,108	894,396
Cash at end of period	997,593	545,427
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	157,061	135,741
Cash paid for income taxes	277,586	422,761
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Unrealized net gain (loss) on marketable securities	(18,318)	2,705
Notes issued for acquisition of assets	377,143	0

Notes issued for treasury stock	206,500	0
Treasury stock retired	4,423,709	0
Common stock issued for pre-paid services	33,120	68,680
Release of common stock guarantees	227,500	440,500
Trade dollars exchanged for:		
Capital expenditures	48,031	11,115
Prepaid expenses paid	113,191	73,197
Purchase of treasury stock	$ 25,000	$ 25,000

CASH	9 Months Ended Sep. 30, 2011
Cash and Cash Equivalents [Abstract]	
Cash and Cash Equivalents Disclosure [Text Block]	**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 September 30, 2011, the Company has cash in excess of FDIC insurance of $445,121. No losses have been incurred related to this credit risk exposure.

CONSOLIDATED BALANCE SHEETS (USD $)	Sep. 30, 2011	Dec. 31, 2010
Current assets		
Cash	$ 997,593	$ 804,108
Restricted cash	244,403	41,829
Marketable securities	145,380	157,014
Accounts receivable, net	937,989	1,075,965
Earned trade account	168,211	285,282
Prepaid expenses	192,833	184,513
Total current assets	2,686,409	2,548,711
Other assets		
Property and equipment, net	681,005	727,549
Membership lists and other intangibles, net	6,103,644	6,826,464
Goodwill	3,507,522	3,435,479
Assets held for investment	183,382	179,181
Total non-current assets	10,475,553	11,168,673
Total assets	13,161,962	13,717,384
Current liabilities		
Accounts payable and accrued expenses	933,019	1,294,213
Credit lines, short term note, and current portion of long term debt	1,240,401	465,120
Current portion of convertible notes payable, related parties	70,000	0
Current portion of common stock subject to guarantee	591,000	640,000
Total current liabilities	2,834,420	2,399,333
Long-term liabilities		
Long term debt, net of current portion	2,026,420	1,491,377
Convertible notes payable to related parties, less current portion	255,000	120,000
Common stock subject to guarantee, net of current portion	0	178,500
Deferred compensation	290,000	290,000
Deferred income taxes	1,123,443	1,336,904
Total long-term liabilities	3,694,863	3,416,781
Total liabilities	6,529,283	5,816,114
STOCKHOLDERS' EQUITY		
Preferred stock, $.0001 par value, 20,000,000 authorized, 0 outstanding	0	0
Common stock, $.0001 par value 280,000,000 authorized, 8,298,189 and 10,544,800 issued and outstanding September 30, 2011 and December 31, 2010, respectively	847	1,050
Paid in capital	9,398,350	13,542,436
Treasury stock, 170,851 and 904,049 shares respectively	(267,986)	(3,170,571)
Accumulated other comprehensive income (loss)	(8,900)	16,118
Accumulated deficit	(2,489,632)	(2,487,763)
Total stockholders' equity	6,632,679	7,901,270
Total liabilities and stockholders' equity	$ 13,161,962	$ 13,717,384