



Consolidated Financial Statements

International Institute of Business Analysis

December 31, 2020

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# Independent Auditor's Report

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**Grant Thornton LLP**  
11th Floor  
200 King Street West, Box 11  
Toronto, ON  
M5H 3T4

T +1 416 366 0100  
F +1 416 360 4949  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Members of  
**International Institute of Business Analysis**

## Opinion

We have audited the consolidated financial statements of International Institute of Business Analysis, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the organization as at December 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada  
April 23, 2021

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**International Institute of Business Analysis**  
**Consolidated Statement of Financial Position**

December 31

2020

2019

**Assets**

Current

Cash

\$ 2,591,882 \$ 601,890

Short-term deposits

2,581,885 3,290,842

Accounts receivable

206,693 384,635

Prepaid expenses

504,808 469,772

5,885,268 4,747,139

Intangible assets (Note 4)

685,938 851,315

Equipment (Note 3)

4,274 9,801

\$ 6,575,480 \$ 5,608,255

**Liabilities**

Current

Accounts payable and accrued liabilities

\$ 576,734 \$ 571,929

Deferred revenue (Note 5)

2,549,871 2,410,527

3,126,605 2,982,456

**Net assets**

3,448,875 2,625,799

\$ 6,575,480 \$ 5,608,255

On behalf of the board

Barbara A. Carkenord Director

J. C. Brown Director

# International Institute of Business Analysis

## Consolidated Statements of Operations and Changes in Net Assets

Year ended December 31	2020	2019
<b>Revenue</b>		
Investment income	\$ 42,582	\$ 60,806
Grant income	-	36,364
Other income (Note 7)	241,608	26,242
Membership fees	3,573,833	3,928,720
Advertising and sponsorship	120,036	112,902
Certification fees	3,452,914	2,679,070
Endorsed education providers fees	470,870	489,049
Publication sales	324,556	289,268
Conferences	333	378,035
	<u>8,226,732</u>	<u>8,000,456</u>
<b>Expenses</b>		
Wages and contractor fees	4,551,296	4,922,929
Information technology	922,767	859,692
Amortization	416,763	363,874
Certification expenses	306,981	474,034
Professional fees	265,119	156,899
Books and publications	229,413	292,953
Bank charges and credit card fees	230,049	197,793
Advertising and promotion	197,499	270,597
Travel	82,051	391,771
Insurance	33,376	35,038
Chapter administration	23,142	31,311
Miscellaneous	52,941	59,007
	<u>7,311,397</u>	<u>8,055,898</u>
Excess (deficiency) of revenue over expenses before other item	915,335	(55,442)
Loss on foreign exchange	<u>(92,259)</u>	<u>(193,190)</u>
Excess (deficiency) of revenue over expenses before income taxes recovery	823,076	(248,632)
Income taxes recovery	<u>-</u>	<u>(1,900)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 823,076</u>	<u>\$ (246,732)</u>
<hr/>		
Net assets, beginning of year	\$ 2,625,799	\$ 2,872,531
Excess (deficiency) of revenue over expenses	<u>823,076</u>	<u>(246,732)</u>
Net assets, end of year	<u>\$ 3,448,875</u>	<u>\$ 2,625,799</u>

See accompanying notes to the consolidated financial statements.

# International Institute of Business Analysis

## Consolidated Statement of Cash Flows

Year ended December 31

2020

2019

Increase (decrease) in cash

### Operating

Excess (deficiency) of revenue over expenses	\$ 823,076	\$ (246,732)
Items not affecting cash		
Amortization on equipment	5,527	5,668
Amortization on intangible assets	<u>411,236</u>	<u>358,206</u>
	1,239,839	117,142
Change in non-cash working capital items		
Accounts receivable	177,942	284,209
Prepaid expenses	(35,036)	(47,837)
Accounts payable and accrued liabilities	4,805	(312,291)
Deferred revenue	<u>139,344</u>	<u>(138,510)</u>
	<u>1,526,894</u>	<u>(97,287)</u>

### Investing

Proceeds from short-term deposits	708,957	211,814
Purchase of equipment	-	(6,323)
Development of intangible assets	<u>(245,859)</u>	<u>(174,733)</u>
	<u>463,098</u>	<u>30,758</u>

Increase (decrease) in cash

1,989,992                      (66,529)

### Cash

Beginning of year	<u>601,890</u>	<u>668,419</u>
End of year	<u>\$ 2,591,882</u>	<u>\$ 601,890</u>

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# International Institute of Business Analysis

## Notes to the Consolidated Financial Statements

December 31, 2020

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### 1. Nature of operations

International Institute of Business Analysis ("IIBA" or "Institute") was incorporated by Letters Patent under the Canada Corporations Act, on April 18, 2006, and on October 17, 2012 Industry Canada issued the Institute a Certificate of Continuance under the Canada Not-for-Profit Corporations Act (CNCA).

IIBA is a Canadian not-for-profit professional association whose main mission is to be the leading worldwide professional association that develops and maintains standards for the practice of business analysis and for the certification of practitioners.

IIBA Services Inc. was incorporated on September 4, 2019 as a for-profit entity operating in the United States. IIBA controls the activities of IIBA Services Inc. as the sole shareholder of the entity. The financial statements of the entity are consolidated in these financial statements, as allowed under Canadian generally accepted accounting principles. The entity commenced active operations effective January 1, 2020.

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### 2. Summary of significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

#### Chapters

As at December 31, 2020, there were 108 active and 10 pending chapters worldwide (2019 - 109 active and 3 pending chapters). While these chapters are affiliated with the Institute, control does not exist between the Institute and chapters. As a result their financial affairs are not consolidated with these financial statements.

#### Use of estimates

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Such estimates include the collectibility of accounts receivable, useful lives of equipment and intangible assets, deferred revenues and accrued liabilities. Actual results could differ from these estimates.



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# International Institute of Business Analysis

## Notes to the Consolidated Financial Statements

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December 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

The Institute's financial instruments consist of cash, short-term deposits, accounts receivable, and accounts payable.

The Institute initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of reversal is recognized in the excess of revenue over expenses.

#### Short-term deposits

Short-term deposits comprise fixed income investments and high-interest savings accounts with maturities of less than 12 months.

#### Equipment

Equipment is carried at cost less accumulated amortization and is amortized over 3 years on a straight-line basis, which is considered sufficient to substantially amortize the cost of the assets over their estimated useful lives.

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

#### Intangible assets

Intangible assets are recorded at cost, less accumulated amortization. The organization provides for amortization using the following methods at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Website development	Straight-line over 3 years
Association management software	Straight-line over 3 years
Certification program	Straight-line over 3 years
Chapter websites	Straight-line over 3 years
Educational tools	Straight-line over 3 years

Research and development costs are expensed, except in cases where development costs meet criteria for capitalization.

#### Impairment of long-lived assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing their net carrying value to their fair value or replacement cost. If an asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the consolidated statement of operations. Any impairment recognized cannot be subsequently reversed.

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# **International Institute of Business Analysis**

## **Notes to the Consolidated Financial Statements**

December 31, 2020

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### **2. Summary of significant accounting policies (continued)**

#### **Revenue recognition**

The Institute follows the deferral method of accounting for revenue whereby externally restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Membership fees (individual and corporate) are recognized as revenue proportionately over the fiscal year to which they relate. Endorsed education providers fees are recognized as revenue over the contract period. Certification fees are recognized when the respective examinations are conducted.

Grant income is recognized in the period during which the related expenses are incurred.

All other revenues are recognized in the period during which the services or goods are provided to the members or customers.

Monies received during the year which pertain to services in subsequent periods are recorded as deferred revenue.

#### **Donated services**

The work of the Institute is dependent on the voluntary service of many members. The value of donated services is not recognized in these statements due to the difficulty in determining their fair value.

#### **Foreign currency translation**

Monetary assets and liabilities of the Institute which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates except for amortization which is translated at the same rates as the related asset. The resulting foreign currency gains or losses are included in the consolidated statement of operations.

#### **Income taxes**

The Institute is subject to U.S. Federal and State taxes on its advertising, job posting fees, and certain sponsorship revenue earned in the U.S.

For U.S. income taxes, the Institute uses the income taxes payable method of accounting for income taxes. Under this method, the Institute reports as an expense (recovery) of the year only the cost (benefit) of current income taxes for that year, determined in accordance with the rules established by taxation authorities.

The Institute is not subject to either federal or provincial income taxes in Canada, because of its status as a not-for-profit organization, as defined in Section 149(1)(l) of the Income Tax Act (Canada).

# International Institute of Business Analysis

## Notes to the Consolidated Financial Statements

December 31, 2020

### 3. Equipment

		<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Equipment	\$ 149,561	\$ 145,287	\$ 4,274
			\$ 9,801

### 4. Intangible assets

		<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Website development	\$ 580,588	\$ 334,278	\$ 246,310
Association management software	580,872	355,510	225,362
Certification program	424,223	218,170	206,053
Chapter websites	57,313	57,313	-
Educational tools	189,781	181,568	8,213
	<u>\$ 1,832,777</u>	<u>\$ 1,146,839</u>	<u>\$ 685,938</u>
			<u>\$ 851,315</u>

Included in website development, association management software and certification program are costs of \$17,759 (2019 - \$Nil), \$38,409 (2019 - \$80,292) and \$Nil (2019 - \$121,434) respectively, related to projects in progress at year end and, as such, are not being amortized.

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# International Institute of Business Analysis

## Notes to the Consolidated Financial Statements

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December 31, 2020

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### 5. Deferred revenue

Deferred revenue relates to membership, endorsed education providers, certification, advertising and sponsorship fees, and grant income received in the current period that relate to subsequent periods. The deferred revenue balance comprise the following:

	<u>2020</u>	<u>2019</u>
Membership fees (individual and corporate)	\$ 1,788,294	\$ 1,693,900
Certification fees	513,263	471,064
Endorsed education providers fees	240,386	231,919
Advertising and sponsorship	<u>7,928</u>	<u>13,644</u>
	<u>\$ 2,549,871</u>	<u>\$ 2,410,527</u>

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### 6. Financial instruments

The financial instruments of the Institute and the nature of the risks to which it may be subject are as follows:

(a) Credit risk

Credit risk is the risk of financial loss occurring as a result of a counterparty to a financial instrument failing to discharge an obligation or commitment that it has entered into with an organization. The Institute's exposure to credit risk relates to accounts receivable (2020 - \$220,750; 2019 - \$384,635). The Institute does not believe it is subject to any significant concentration of customer credit risk as accounts receivable are generally the result of fees billed to a large number of customers and members. As at December 31, 2020, the allowance for doubtful accounts is \$6,000 (2019 - \$6,000).

(b) Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in realizing its assets and meeting the obligations associated with its financial liabilities. The Institute is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Liquidity risk is not considered to be significant based on the Institute's strong working capital position.

# International Institute of Business Analysis

## Notes to the Consolidated Financial Statements

December 31, 2020

### 6. Financial instruments (continued)

#### (c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to currency risk and interest rate risk.

#### (i) Currency risk

Currency risk is the risk to the Institute that arises from fluctuations in foreign exchange rates. The Institute derives all revenues and incurs approximately 48% (2019 - 46%) of the total expenses in US dollars. Consequently, some assets and liabilities are exposed to foreign currency fluctuations and they are as follows:

	2020	2019
Cash	\$ 1,412,748	\$ 380,248
Short-term deposits	639,139	1,262,006
Accounts receivable	56,086	292,366
Prepaid expenses	346,075	314,818
Accounts payable and accrued liabilities	(359,538)	(243,943)
	\$ 2,094,510	\$ 2,005,495

These balances are therefore subject to gains or losses due to fluctuation in the value of the US dollar. Net foreign exchange gains recorded in the consolidated statement of operations are as follows:

	2020	2019
Transaction loss	\$ (35,565)	\$ (61,826)
Translation (loss) gain	(56,694)	(131,364)
	\$ (92,259)	\$ (193,190)

#### (ii) Interest rate risk

Interest rate price risk is the risk that the fair value of a fixed interest bearing financial instrument will fluctuate due to changes in market interest rates. Interest rate cash flow risk is the risk that the cash flows of the Institute will fluctuate due to changes in market interest rates on variable interest bearing financial instruments. The Institute is exposed to interest rate price risk on its short-term deposits.

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# International Institute of Business Analysis

## Notes to the Consolidated Financial Statements

December 31, 2020

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### 7. Impact of COVID-19

During the year ended December 31, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Throughout 2020, the Institute's operations have remained unimpacted by the pandemic and operations have continued as normal, with the exception of conference activities. As a result of the pandemic, the Institute was eligible to apply for and receive federal wage subsidies in order to minimize the impact of the pandemic on its employees. Wage subsidies of \$128,352 have been recognized as part of other income in the consolidated statement of operations.

The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the IIBA for future periods.