INTERNATIONAL INSTITUTE OF BUSINESS ANALYSIS
(INCORPORATED UNDER THE CANADA NOT-FOR-PROFIT CORPORATIONS ACT)
FINANCIAL STATEMENTS

DECEMBER 31, 2014

INTERNATIONAL INSTITUTE OF BUSINESS ANALYSIS

FINANCIAL STATEMENTS

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ALLEN HERBLUM
PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANTS

ASSOCIATE: HAROLD E. BRUDNER C.A.

INDEPENDENT AUDITOR'S REPORT

To the Members of
International Institute of Business Analysis

I have audited the accompanying financial statements of International Institute of Business Analysis, which comprise the statement of financial position as at December 31, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the institute's preparation and fair presentation of the financial statements 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 institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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ALLEN HERBLUM
PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANTS

ASSOCIATE: HAROLD E. BRUDNER C.A.

INDEPENDENT AUDITOR'S REPORT, continued

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of International Institute of Business Analysis as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Allen Herblum Professional Corporation

Allen Herblum Professional Corporation
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

Toronto, Ontario
May 21, 2015

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INTERNATIONAL INSTITUTE OF BUSINESS ANALYSIS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013 (Restated - note 8)
	$	$
ASSETS		
Current		
Cash	2,712,999	1,400,128
Accounts and sundry receivables (Note 2)	259,255	142,628
Prepaid expenses	37,002	99,104
Income taxes receivable	9,792	-
	3,019,048	1,641,860
Equipment (Note 3)	9,180	8,652
Intangible assets (Note 4)	297,882	265,446
	307,062	274,098
	3,326,110	1,915,958
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	735,757	398,951
Deferred revenue (Notes 6 and 8)	2,067,266	1,786,552
	2,803,023	2,185,503
NET ASSETS		
Net assets (deficiency) (Notes 7 and 8)	523,087	(269,545)
	3,326,110	1,915,958

See accompanying notes

APPROVED ON BEHALF OF THE BOARD:

Michael Augello Director MICHAEL AUGELLO, BOARD CHAIR

Kenneth G. Fulmer Director KENNETH G. FULMER, BOARD VICE CHAIR

INTERNATIONAL INSTITUTE OF BUSINESS ANALYSIS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013 (Restated - note 8)
	$	$
Net deficiency, beginning of year (Note 8)	(269,545)	(15,497)
Excess (deficiency) of revenues over expenses	792,632	(254,048)
Unrestricted net assets (net deficiency), end of year	523,087	(269,545)

See accompanying notes

INTERNATIONAL INSTITUTE OF BUSINESS ANALYSIS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013 (Restated - note 8)
	$	$
Revenues		
Membership fees	3,094,517	2,650,231
Certification fees	1,638,316	1,186,309
Endorsed Education Providers (EEP) fees	401,810	376,292
BABOK sales	396,561	403,074
Conferences	209,814	70,600
Advertising	108,939	80,995
Competency model	90,994	76,078
Sponsorship	42,380	46,229
Job posting	29,545	32,788
Competency and business practice assessment services	9,428	19,161
Foreign currency gain	106,155	42,417
	6,128,459	4,984,174
Expenses		
Wages and consulting fees (Note 9)	2,845,512	2,906,164
Communications and web site hosting	502,030	446,237
Amortization	362,307	318,950
Certification fees	276,851	223,741
Project management and expenses	250,382	416,287
Advertising and promotion	236,486	151,167
Professional fees	201,885	158,571
Travel	175,823	184,014
Books and publications	146,489	150,329
Bank charges and credit card fees	112,564	103,421
Chapter administration	69,574	62,454
Office	67,254	34,940
Insurance	37,130	34,803
Membership administration	30,345	30,401
	5,314,632	5,221,479
Excess (deficiency) of revenues over expenses before income taxes	813,827	(237,305)
Income taxes	21,195	16,743
Excess (deficiency) of revenues over expenses	792,632	(254,048)

See accompanying notes

INTERNATIONAL INSTITUTE OF BUSINESS ANALYSIS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013 (Restated - note 8)
	$	$
Net cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenues over expenses	792,632	(254,048)
Item not affecting cash:		
Amortization	362,307	318,950
	1,154,939	64,902
Change in non-cash working capital items		
Decrease (increase) in accounts and sundry receivables	(116,627)	60,007
Decrease in prepaid expenses	62,102	8,732
Increase in income taxes receivable	(9,792)	-
Increase in accounts payable and accrued liabilities	336,806	147,060
Increase in deferred revenue	280,714	384,068
	1,708,142	664,769
Investing activities		
Purchase of equipment	(2,509)	-
Development of intangible assets	(392,762)	(108,122)
	(395,271)	(108,122)
Net increase in cash	1,312,871	556,647
Cash, beginning of year	1,400,128	843,481
Cash, end of year	2,712,999	1,400,128

See accompanying notes

NATURE OF OPERATIONS

International Institute of Business Analysis 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).

The Institute 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.

1. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASFNPO).

(b) Revenue and expense recognition

(i) Membership fees are recognized as revenue proportionately over the fiscal year to which they relate. EEP fees are recognized as revenue over the contract period. CCBA and CBAP fees are recognized when the respective examinations are conducted.

(ii) Other revenues are recognized in the period during which the services or goods are provided to the members or customers.

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

(iv) Expenses are recognized in the period that goods and services are received.

(c) Prepaid expenses

Expense items of a nature, which will benefit future periods, are charged to the prepaid expense account and are amortized over actual periods benefited.

(d) Deferral method

Financial statements are prepared on the deferral method, which seeks to match revenues with expenses.

1. SUMMARY OF ACCOUNTING POLICIES, continued

(e) Equipment

Equipment is carried at cost less accumulated amortization and is amortized at 20% on the declining balance method, 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.

Equipment is tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the equipment is expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

(f) 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:

Computer software	3 years Straight-line
Web site development	3 years Straight-line
Educational tools	3 years Straight-line
Association management software	3 years Straight-line

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

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed its fair value, generally determined on a discounted cash flow basis. When the carrying amount of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. An impairment loss is not reversed if the fair value of the related intangible asset subsequently increases.

(g) 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.

1. SUMMARY OF ACCOUNTING POLICIES, continued

(h) 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 gains or losses are included in operations.

(i) Chapters

As at December 31, 2014, there were 113 established chapters worldwide (2013 - 110 chapters). While these chapters are affiliated with the Institute, their financial affairs are not consolidated with these financial statements. The International Institute of Business Analysis is currently reviewing its chapter structure.

(j) Financial instruments

The Institute's financial instruments consist of cash, accounts and sundry receivable, accounts payable and accrued liabilities.

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 net income. 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 net income.

1. SUMMARY OF ACCOUNTING POLICIES, continued

(k) Income taxes

The Institute is subject to U.S. Federal and State taxes on its advertising, job posting, mailing list, sponsorship and competency and business practice assessment services 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 (income) 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).

(l) Use of estimates

The preparation of 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 financial statements and the reported amount of revenues and expenses during the period. Such estimates include the useful lives of equipment and intangible assets, allowance for doubtful accounts, deferred revenues and accrued liabilities. Actual results could differ from these estimates.

2. ACCOUNTS AND SUNDRY RECEIVABLES

	2014	2013
	$	$
Accounts receivable	226,863	116,661
HST receivable	38,175	25,967
Less: Allowance for doubtful accounts	(5,783)	-
	259,255	142,628

3. EQUIPMENT

	2014			2013
	Cost $	Accumulated amortization $	Net $	Net $
Equipment	16,028	6,848	9,180	8,652

4. INTANGIBLE ASSETS

	2014			2013
	Cost $	Accumulated amortization $	Net $	Net $
Computer software	27,152	27,152	-	-
Web site development	427,171	427,171	-	50,982
Educational tools	202,910	147,960	54,950	56,221
Association management software	725,121	482,189	242,932	158,243
	1,382,354	1,084,472	297,882	265,446

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014 $	2013 $
Trade payables and accruals	699,322	276,586
Management wages and bonus payable	36,435	122,365
	735,757	398,951

6. DEFERRED REVENUE

Deferred revenue relates to membership, EEP, CBAP, CCBA, sponsorship and advertising fees received in the current period that relate to subsequent periods. The deferred revenue balance comprises of the following:

6. DEFERRED REVENUE, continued

	2014	2013 (Restated - note 8)
	$	$
Membership (individual and corporate)	1,621,076	1,318,586
EEP Revenue	178,983	187,212
CBAP and CCBA revenue	213,790	230,107
Advertising revenue	41,180	33,130
Sponsorship revenue	12,237	15,960
Competency model	-	1,557
	2,067,266	1,786,552

7. NET ASSETS (DEFICIENCY)

The Institute's objectives when managing capital are:

- to enable sustainable growth to support the establishment of IIBA as a worldwide organization;
- to ensure financial viability to support the implementation and sustainment of the Institute's operational and strategic priorities.

The Institute considers all net assets (deficiency) as its capital.

During 2014, the Institute's strategy, which is unchanged from prior year, is to maintain positive net assets in order to support the daily operation and growth of the Institute. The Institute monitors net assets by preparing an annual budget and reviewing quarterly financial results. The net assets (deficiency) are as follows:

	2014	2013 (Restated - note 8)
	$	$
Net assets (deficiency)	523,087	(269,545)

8. CORRECTION OF ACCOUNTING ERROR

The Institute changed its accounting policy for revenue recognition from cash to accrual basis of accounting effective for year ended December 31, 2011. The required changes were recorded for membership fee and EEP fees. However, the required changes were inadvertently omitted for the CCBA and CBAP fees. The comparative figures in these financial statements have been restated to reflect this omission. The effect of the restatement is summarized below:

	$
Deferred revenue:	
Balance as at December 31, 2013 as previously stated	1,565,498
Increase due to correction of error for CCBA and CBAP fees.	221,054
Balance as at December 31, 2013 (restated)	1,786,552
Net assets (deficiency):	
Balance as at December 31, 2012 as previously stated	143,167
Prior period adjustment resulting from correction of error	(158,664)
Balance as at December 31, 2012 (restated)	(15,497)
Net income for the year ended December 31, 2013 (restated)	(254,048)
Balance as at December 31, 2013 (restated)	(269,545)
Excess (deficiency) of revenue over expenses:	
For the period ending December 31, 2013 as previouly stated	(191,659)
Effect from correction of error	(62,389)
Balance as at December 31, 2013 (restated)	(254,048)

9. TERMINATION EXPENSE

Included in wages and consulting fees is an amount of $150,353 for termination expenses for the year (2013 - $138,332).

10. RELATED PARTY TRANSACTIONS

XBASE Technologies Corporation (XBASE) is a key supplier of the Institute and provides hosting and IT support to the Institute. Until September 2014, an officer of the Institute was related to the account manager at XBASE. The total value of services XBASE provided to the institute in 2014 was $302,590 (2013 - $294,360).

These transactions are in the normal course of operations, have been conducted on normal commercial terms and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. 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

The Institute's exposure to credit risk relates to accounts receivable (2014 - $269,047; 2013 - $142,628) and cash on deposit with PayPal (2014 - $148,200; 2013 - $490). 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.

(b) Liquidity risk

The Institute's exposure to liquidity risk is dependent on the collection of accounts receivable and obligations or raising of funds to meet commitments and sustain operations. The Institute controls liquidity risk by managing working capital and cash flows.

(c) Currency risk

The Institute derives all revenues and incurs approximately 30% (2013 - 30%) of the total expenses in US dollars. Consequently, some assets and liabilities are exposed to foreign currency fluctuations and they are as follows:

	2014	2013
	$	$
Cash	2,654,963	1,313,189
Accounts receivable	256,663	116,661
Accounts payable and accrued liabilities	(335,873)	(92,460)
	2,575,753	1,337,390

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 statement of operations are $106,155 (2013 - $42,417)

12. COMPARATIVE FIGURES

Certain 2013 comparative figures have been reclassified in order to conform to the presentation used in the current year. The changes do not affect prior year earnings.