



Financial Statements

International Institute of Business Analysis

December 31, 2017

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statements of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11

## Independent Auditor's Report

To the Members of  
International Institute of Business Analysis

We have audited the accompanying financial statements of International Institute of Business Analysis, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and changes in net assets 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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 organization'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 organization'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Institute of Business Analysis as at December 31, 2017, 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.

Toronto, Canada  
March 28, 2018

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# International Institute of Business Analysis

## Statement of Financial Position

December 31 2017 2016

**Assets**

Current		
Cash	\$ 1,884,573	\$ 1,711,030
Short-term deposits	2,991,743	3,474,101
Accounts receivable	634,654	691,040
Prepaid expenses and deposits	<u>117,891</u>	<u>120,806</u>
	5,628,861	5,996,977
Equipment (Note 3)	57,036	96,176
Intangible assets (Note 4)	<u>523,176</u>	<u>430,536</u>
	<u>\$ 6,209,073</u>	<u>\$ 6,523,689</u>

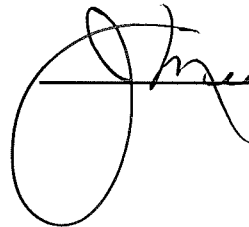
**Liabilities**

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 614,107	\$ 607,330
Deferred revenue (Note 6)	<u>2,607,728</u>	<u>2,430,610</u>
	3,221,835	3,037,940
<b>Net assets</b>	<u>2,987,238</u>	<u>3,485,749</u>
	<u>\$ 6,209,073</u>	<u>\$ 6,523,689</u>

On behalf of the board

*Ulrich Ullrich*

Director



Director

# International Institute of Business Analysis

## Statements of Operations and Changes in Net Assets

Year ended December 31

2017

2016

Revenue		
Membership fees	\$ 3,611,050	\$ 3,775,784
Certification fees	1,759,828	2,924,834
Publication sales	481,680	596,536
Endorsed education providers fees	386,051	442,804
Conferences	370,717	410,379
Advertising and sponsorship	96,434	130,048
Competency model	47,543	101,367
Job posting fees	25,181	28,401
Investment income	27,073	21,809
Foreign currency loss (Note 7(c)(i))	<u>(239,281)</u>	<u>(118,672)</u>
	<b><u>6,566,276</u></b>	<b><u>8,313,290</u></b>
Expenses		
Wages and contractor fees	4,192,755	3,593,800
Information technology	617,659	439,751
Travel	546,624	559,902
Advertising and promotion	388,018	378,524
Certification expenses	265,426	594,304
Amortization	264,606	300,969
Books and publications	217,682	194,929
Professional fees	213,941	265,652
Bank charges and credit card fees	154,112	174,847
Miscellaneous	109,454	114,609
Research and impact study	46,536	388,707
Insurance	34,083	33,320
Chapter administration	<u>18,702</u>	<u>9,446</u>
	<b><u>7,069,598</u></b>	<b><u>7,048,760</u></b>
(Deficiency) excess of revenue over expenses before income tax (recovery)	(503,322)	1,264,530
Income tax (recovery)	<u>(4,811)</u>	<u>20,363</u>
(Deficiency) excess of revenue over expenses	<b><u>\$ (498,511)</u></b>	<b><u>\$ 1,244,167</u></b>
<hr/>		
Net assets, beginning of year	\$ 3,485,749	\$ 2,241,582
(Deficiency) excess of revenue over expenses	<u>(498,511)</u>	<u>1,244,167</u>
Net assets, end of year	<b><u>\$ 2,987,238</u></b>	<b><u>\$ 3,485,749</u></b>

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## International Institute of Business Analysis

### Statement of Cash Flows

Year ended December 31

2017

2016

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Increase (decrease) in cash

#### Operating

(Deficiency) excess of revenue over expenses	\$ (498,511)	\$ 1,244,167
Items not affecting cash		
Amortization on equipment	46,309	45,318
Amortization on intangible assets	<u>218,297</u>	<u>255,651</u>
	(233,905)	1,545,136
Change in non-cash working capital items		
Accounts receivable	56,386	(453,600)
Prepaid expenses and deposits	2,915	2,085
Accounts payable and accrued liabilities	6,777	76,291
Deferred revenue	<u>177,118</u>	<u>(71,235)</u>
	<u>9,291</u>	<u>1,098,677</u>

#### Investing

Proceeds from (purchase of) short-term deposits	482,358	(3,474,101)
Purchase of equipment	(7,169)	(131,730)
Development of intangible assets	<u>(310,937)</u>	<u>(439,136)</u>
	<u>164,252</u>	<u>(4,044,967)</u>

Increase (decrease) in cash

173,543      (2,946,290)

#### Cash

Beginning of year	<u>1,711,030</u>	<u>4,657,320</u>
End of year	<u>\$ 1,884,573</u>	<u>\$ 1,711,030</u>

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# International Institute of Business Analysis

## Notes to the Financial Statements

December 31, 2017

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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.

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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, 2017, there were 103 active and 17 pending chapters worldwide (2016 - 115 active and 5 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 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 collectibility of accounts receivable, useful lives of equipment and intangible assets, deferred revenues and accrued liabilities. Actual results could differ from these estimates.

#### 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 are comprised of guaranteed investment certificates with maturities of less than 12 months.



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# International Institute of Business Analysis

## Notes to the Financial Statements

December 31, 2017

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

#### Equipment

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

When equipment no longer contributes to the Institute's ability to provide services, its carrying amount is written down to its residual value.

#### 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:

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.

When an intangible asset no longer contributes to the Institute's ability to provide services, its carrying amount is written down to its residual value.

#### 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 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.

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.

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# International Institute of Business Analysis

## Notes to the Financial Statements

December 31, 2017

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

#### 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 the statement of operations.

#### Income taxes

The Institute is subject to U.S. Federal and State taxes on its advertising, job posting, 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).

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### 3. Equipment

			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 157,616	\$ 100,580	\$ 57,036	\$ 96,176

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## International Institute of Business Analysis

### Notes to the Financial Statements

December 31, 2017

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#### 4. Intangible assets

			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer software	\$ 27,152	\$ 27,152	\$ -	\$ -
Website development	427,171	427,171	-	-
Association management software	818,743	657,018	<b>161,725</b>	275,513
Certification program	161,673	93,497	<b>68,176</b>	79,212
Chapter websites	57,313	57,313	-	19,104
Educational tools	<u>554,838</u>	<u>261,563</u>	<u><b>293,275</b></u>	<u>56,707</u>
	<u><b>\$ 2,046,890</b></u>	<u><b>\$ 1,523,714</b></u>	<u><b>\$ 523,176</b></u>	<u><b>\$ 430,536</b></u>

Included in association management software and educational tools are costs of \$20,594 and \$285,321 respectively, related to projects in progress at year end and, as such, are not being amortized.

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#### 5. Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
Trade payables and accruals	<b>\$ 489,421</b>	\$ 405,863
Accrued wages	<u><b>124,686</b></u>	<u>201,467</u>
	<u><b>\$ 614,107</b></u>	<u><b>\$ 607,330</b></u>

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#### 6. Deferred revenue

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

	<u>2017</u>	<u>2016</u>
Membership fees (individual and corporate)	<b>\$ 1,921,434</b>	\$ 1,932,815
Certification fees	<b>388,958</b>	288,099
Endorsed education providers fees	<b>263,102</b>	178,183
Academic	<b>34,234</b>	-
Advertising	-	16,937
Sponsorship	-	14,576
	<u><b>\$ 2,607,728</b></u>	<u><b>\$ 2,430,610</b></u>

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# International Institute of Business Analysis

## Notes to the Financial Statements

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December 31, 2017

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### 7. 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 (2017 - \$634,654; 2016 - \$691,040). 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, 2017, the allowance for doubtful accounts is \$6,000 (2016 - \$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.

(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 29% (2016 - 27%) of the total expenses in US dollars. Consequently, some assets and liabilities are exposed to foreign currency fluctuations and they are as follows:

	<u>2017</u>	<u>2016</u>
Cash	\$ 1,539,526	\$ 810,891
Accounts receivable	611,242	661,798
Short Term investments	1,523,333	2,019,131
Accounts payable and accrued liabilities	<u>(239,728)</u>	<u>(147,005)</u>
	<u>\$ 3,434,373</u>	<u>\$ 3,344,815</u>

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# International Institute of Business Analysis

## Notes to the Financial Statements

December 31, 2017

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### 7. Financial instruments (continued)

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 as follows:

	<u>2017</u>	<u>2016</u>
Translation gain (loss)	\$ (30,139)	\$ 112,940
Transaction gain (loss)	<u>(209,142)</u>	<u>(231,612)</u>
	<u>\$ (239,281)</u>	<u>\$ (118,672)</u>

(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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### 8. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.

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### 9. Related party transactions

During the year, the Institute purchased services from two companies of which Board members are employees for \$81,401 (2016 - \$Nil). These purchases were made in the normal course of operations, in compliance with the Institute's procurement policies, and are measured at the exchange amount.

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### 10. Subsequent event

Subsequent to year end, the Institute entered into a contract to purchase software, professional, and support services. The commitment is for \$254,132 USD which consists of professional service fee and software service fee.