Grant Thornton

Financial Statements

International Institute of Business Analysis

December 31, 2016

Contents

Grant Thornton

Independent Auditor's Report

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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, 2016, 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, 2016, 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.

Other matter

The prior year comparative financial statements for the year ended December 31, 2015 were audited by another firm of chartered professional accountants who expressed an unqualified opinion on April 12, 2016.

Grant Thornton LLP

Toronto, Canada
April 20, 2017

Chartered Professional Accountants
Licensed Public Accountants

International Institute of Business Analysis
Statement of Financial Position

December 31	**2016**	2015
Assets		
Current		
Cash	**$ 1,711,030**	$ 4,657,320
Short-term deposits	**3,474,101**	-
Accounts receivable	**691,040**	237,440
Prepaid expenses and deposits	**120,806**	122,891
	5,996,977	5,017,651
Equipment (Note 3)	**96,176**	9,764
Intangible assets (Note 4)	**430,536**	247,051
	$ 6,523,689	$ 5,274,466

Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 607,330**	$ 531,039
Deferred revenue (Note 6)	**2,430,610**	2,501,845
	3,037,940	3,032,884
Net assets	**3,485,749**	2,241,582
	$ 6,523,689	$ 5,274,466

On behalf of the Board

Michele Martoto Director

Director

International Institute of Business Analysis
Statements of Operations and Changes in Net Assets

Year ended December 31	**2016**	2015
Revenues		
Membership fees	**$ 3,775,784**	$ 3,549,800
Certification fees	**2,924,834**	2,025,125
Publication sales	**596,536**	691,474
Endorsed education providers fees	**442,804**	402,424
Conferences	**410,379**	298,475
Advertising and sponsorship	**130,048**	127,729
Competency model	**101,367**	94,015
Job posting fees	**28,401**	32,980
Investment income	**21,809**	-
Competency and business practice assessment services	**-**	45,885
Foreign currency gain (loss) (Note 9(c)(i))	**(118,672)**	470,783
	8,313,290	7,738,690
Expenses		
Wages and contractor fees	**3,593,800**	3,080,886
Certification expenses	**594,304**	360,179
Travel	**531,694**	481,891
Information technology	**439,751**	593,690
Research and impact study	**388,707**	-
Advertising and promotion	**378,524**	236,587
Amortization	**300,969**	96,791
Professional fees	**293,859**	358,160
Books and publications	**194,929**	212,849
Bank charges and credit card fees	**174,847**	124,236
Miscellaneous	**114,610**	105,336
Insurance	**33,320**	38,684
Chapter administration	**9,446**	17,182
Assessment services expenses	**-**	13,800
	7,048,760	5,720,271
Excess of revenues over expenses before other item	**1,264,530**	2,018,419
Impairment loss on intangible assets (Note 4)	**-**	(274,992)
Excess of revenues over expenses before income taxes	**1,264,530**	1,743,427
Income taxes (Note 2)	**20,363**	24,932
Excess of revenues over expenses	**$ 1,244,167**	$ 1,718,495
Net assets, beginning of year	**$ 2,241,582**	$ 523,087
Excess of revenues over expenses	**1,244,167**	1,718,495
Net assets, end of year	**$ 3,485,749**	$ 2,241,582

International Institute of Business Analysis
Statement of Cash Flows

Year ended December 31	**2016**	2015
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses	**$ 1,244,167**	$ 1,718,495
Items not affecting cash		
Amortization on equipment	**45,318**	2,105
Amortization on intangible assets	**255,651**	94,686
Impairment loss on intangible assets (Note 4)	**-**	274,992
	1,545,136	2,090,278
Change in non-cash working capital items		
Accounts receivable	**(453,600)**	21,815
Prepaid expenses and deposits	**2,085**	(85,889)
Accounts payable and accrued liabilities	**76,291**	(204,718)
Deferred revenue	**(71,235)**	434,579
Income taxes	**-**	9,792
	1,098,677	2,265,857
Investing		
Purchase of short-term deposits	**(3,474,101)**	-
Purchase of equipment	**(131,730)**	(2,689)
Development of intangible assets	**(439,136)**	(318,847)
	(4,044,967)	(321,536)
(Decrease) increase in cash	**(2,946,290)**	1,944,321
Cash		
Beginning of year	**4,657,320**	2,712,999
End of year	**$ 1,711,030**	$ 4,657,320

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.

2. Summary of significant accounting policies

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

Chapters

As at December 31, 2016, there were 120 established chapters worldwide (2015 - 116 chapters). While these chapters are affiliated with the Institute 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.

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
Computer software	Straight-line over 3 years
Educational tools	Straight-line over 3 years
Website development	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.

2. Summary of significant accounting policies (continued)

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 gains or losses are included In 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).

3. Equipment

			2016	2015
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Equipment	$ 150,447	$ 54,271	**$ 96,176**	$ 9,764

4. Intangible assets

			2016	2015
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Association management software	$ 811,993	$ 536,480	**$ 275,513**	$ 144,239
Certification program	118,818	39,606	**79,212**	7,644
Chapter websites	57,313	38,209	**19,104**	38,208
Computer software	27,152	27,152	**-**	-
Educational tools	314,099	257,392	**56,707**	56,960
Website development	427,171	427,171	**-**	-
	$ 1,756,546	$ 1,326,010	**$ 430,536**	$ 247,051

In the prior year, management made a decision to end the development of certain association management software undertaken with a vendor, due to the uncertainty regarding its technical feasibility and estimated cost to complete. As the software had no ongoing value, an impairment loss was recorded for the unamortized balance of related costs of $274,992 in 2015.

5. Accounts payable and accrued liabilities

	2016	2015
Trade payables and accruals	**$ 405,863**	$ 375,352
Accrued wages	**201,467**	155,687
	$ 607,330	$ 531,039

6. Deferred revenue

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

	2016	2015
Membership fees (individual and corporate)	**$ 1,932,815**	$ 1,899,869
Endorsed education providers fees	**178,183**	230,041
Certification fees	**288,099**	323,550
Advertising	**16,937**	33,310
Sponsorship	**14,576**	15,075
	$ 2,430,610	$ 2,501,845

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 (2016 - $691,040; 2015 - $237,440). 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, 2016, the allowance for doubtful accounts is $6,000 (2015 - $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 signfiicant 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 27% (2015 - 22%) of the total expenses in US dollars. Consequently, some assets and liabilities are exposed to foreign currency fluctuations and they are as follows:

	2016	2015
Cash	**$ 810,891**	$ 2,242,737
Accounts receivable	**661,798**	205,261
Short Term investments	**2,019,131**	-
Accounts payable and accrued liabilities	**(147,005)**	(163,933)
	$ 3,344,815	$ 2,284,065

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:

	2016	2015
Translation gain	**$ 112,940**	$ 268,583
Transaction gain (loss)	**(231,612)**	202,200
	$ (118,672)	$ 470,783

(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.

8. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2016 financial statements.