Grant Thornton

Financial Statements

International Institute of Business Analysis

December 31, 2019

Contents

Independent Auditor's Report

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To the Members of
International Institute of Business Analysis

Opinion

We have audited the financial statements of International Institute of Business Analysis, which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019, and its results of its operations and its 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 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 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 financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Grant Thornton LLP

Toronto, Canada
April 29, 2020

Chartered Professional Accountants
Licensed Public Accountants

International Institute of Business Analysis
Statement of Financial Position

December 31	**2019**	2018
Assets		
Current		
Cash	**$ 601,890**	$ 668,419
Short-term deposits	**3,290,842**	3,502,656
Accounts receivable	**384,635**	668,844
Prepaid expenses	**469,772**	421,935
	4,747,139	5,261,854
Equipment (Note 3)	**9,801**	9,146
Intangible assets (Note 4)	**851,315**	1,034,788
	$ 5,608,255	$ 6,305,788
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 571,929**	$ 884,220
Deferred revenue (Note 5)	**2,410,527**	2,549,037
	2,982,456	3,433,257
Net assets	**2,625,799**	2,872,531
	$ 5,608,255	$ 6,305,788

On behalf of the board

______________ Director ______________ Director

See accompanying notes to the financial statements.

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

Year ended December 31	**2019**	2018
Revenue		
Membership fees	**$ 3,928,720**	$ 3,876,555
Certification fees	**2,679,070**	2,283,332
Endorsed education providers fees	**489,049**	507,269
Conferences	**378,035**	360,701
Publication sales	**289,268**	330,058
Advertising and sponsorship	**112,902**	69,863
Investment income	**60,806**	66,991
Grant income	**36,364**	16,237
Other Income	**26,242**	38,935
	8,000,456	7,549,941
Expenses		
Wages and contractor fees	**4,922,929**	4,542,263
Information technology	**859,692**	717,098
Advertising and promotion	**270,597**	478,191
Travel	**391,771**	408,058
Certification expenses	**474,034**	366,713
Professional fees	**156,899**	292,905
Amortization	**363,874**	290,919
Bank charges and credit card fees	**197,793**	165,231
Books and publications	**292,953**	185,930
Miscellaneous	**59,007**	78,915
Chapter administration	**31,311**	26,333
Insurance	**35,038**	35,424
	8,055,898	7,587,980
Deficiency of revenue over expenses before other items	**(55,442)**	(38,039)
Loss on disposal of tangible assets	**-**	(6,344)
(Loss) gain on foreign exchange	**(193,190)**	193,649
Impairment loss on intangible assets	**-**	(264,958)
	(193,190)	(77,653)
Deficiency of revenue over expenses before income taxes recovery	**(248,632)**	(115,692)
Income taxes recovery	**(1,900)**	(985)
Deficiency of revenue over expenses	**$ (246,732)**	$ (114,707)

Net assets, beginning of year	**$ 2,872,531**	$ 2,987,238
Deficiency of revenue over expenses	**(246,732)**	(114,707)
Net assets, end of year	**$ 2,625,799**	$ 2,872,531

International Institute of Business Analysis
Statement of Cash Flows

Year ended December 31	2019	2018
Increase (decrease) in cash		
Operating		
Deficiency of revenue over expenses	**$ (246,732)**	$ (114,707)
Items not affecting cash		
Amortization on equipment	**5,668**	48,220
Amortization on intangible assets	**358,206**	242,699
Loss on disposal of tangible assets	**-**	6,344
Impairment loss on intangible assets	**-**	264,958
	117,142	447,514
Change in non-cash working capital items		
Accounts receivable	**284,209**	(34,190)
Prepaid expenses	**(47,837)**	(304,044)
Accounts payable and accrued liabilities	**(312,291)**	270,113
Deferred revenue	**(138,510)**	(58,691)
	(97,287)	320,702
Investing		
Proceeds from (purchase of) short-term deposits	**211,814**	(209,417)
Purchase of equipment	**(6,323)**	(6,674)
Development of intangible assets	**(174,733)**	(1,019,269)
	30,758	(1,235,360)
Decrease in cash	**(66,529)**	(914,658)
Cash		
Beginning of year	**668,419**	1,583,077
End of year	**$ 601,890**	$ 668,419

See accompanying notes to the financial statements.

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 was inactive in 2019, and as such, there were no transactions recorded in these financial statements..

2. Summary of significant accounting policies

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

Chapters

As at December 31, 2019, there were 109 active and 3 pending chapters worldwide (2018 - 108 active and 4 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.

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 guaranteed investment certificates 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.

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:

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.

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.

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 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).

3. Equipment

	Cost	Accumulated Amortization	**2019 Net Book Value**	2018 Net Book Value
Equipment	$ 149,561	$ 139,760	**$ 9,801**	$ 9,146

4. Intangible assets

	Cost	Accumulated Amortization	**2019 Net Book Value**	2018 Net Book Value
Website development	$ 477,950	$ 172,593	**$ 305,357**	$ 464,673
Association management software	542,463	166,895	**375,568**	449,333
Certification program	319,785	177,432	**142,353**	72,151
Chapter websites	57,313	57,313	**-**	-
Educational tools	189,406	161,369	**28,037**	48,631
	$ 1,586,917	$ 735,602	**$ 851,315**	$ 1,034,788

Included in association management software and certification program are costs of $80,292 (2018 - $Nil) and $121,434 (2018 - $33,814) respectively, related to projects in progress at year end and, as such, are not being amortized.

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:

	2019	2018
Membership fees (individual and corporate)	**$ 1,693,900**	$ 2,010,837
Certification fees	**471,064**	291,767
Endorsed education providers fees	**231,919**	215,623
Grant income	**-**	20,904
Advertising and sponsorship	**13,644**	9,906
	$ 2,410,527	$ 2,549,037

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 (2019 - $384,635; 2018 - $668,844). 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, 2019, the allowance for doubtful accounts is $6,000 (2018 - $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 46% (2018 - 39%) of the total expenses in US dollars. Consequently, some assets and liabilities are exposed to foreign currency fluctuations and they are as follows:

	2019	2018
Cash	**$ 380,248**	$ 342,789
Short-term deposits	**1,262,006**	1,329,211
Accounts receivable	**292,366**	478,204
Prepaid expenses	**314,818**	254,941
Accounts payable and accrued liabilities	**(243,943)**	(361,773)
	$ 2,005,495	$ 2,043,372

6. 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:

	2019	2018
Transaction loss	$ (61,826)	$ (30,509)
Translation (loss) gain	(131,364)	224,158
	$ (193,190)	$ 193,649

(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.

7. Subsequent events

Since December 31, 2019, 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. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

IIBA has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted. 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.

8. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.