

BUILDING FOR WHAT'S NEXT... **NOW**



OUR PURPOSE

**WE HELP YOU  
REALIZE THE  
POSITIVE  
POTENTIAL OF  
TECHNOLOGY**

---

OUR PROMISE

**WE INSPIRE  
CONFIDENCE  
THAT ENABLES  
INNOVATION  
THROUGH  
TECHNOLOGY**

# Contents

---

---

Letter from Chair of the Board and CEO	<b>4</b>
Board of Directors	<b>5</b>
About ISACA	<b>6</b>
Volunteer Engagement	<b>7</b>
Chapters	<b>8</b>
SheLeadsTech™	<b>9</b>
Research and Knowledge	<b>10</b>
Membership	<b>11</b>
Learning Solutions	<b>12</b>
Enterprise Business Development	<b>13</b>
Content and Publications	<b>14</b>
Cybersecurity Nexus	<b>15</b>
CMMI Institute	<b>16</b>
China Operation	<b>17</b>
Certification	<b>18</b>
Customer Experience Center	<b>19</b>
Advocacy and Public Affairs	<b>20</b>
Images of What's Now and What's Next	<b>21</b>
2017 Donors	<b>22</b>
2017 Financials	<b>27</b>

---

# A Letter from the ISACA Board Chair and the ISACA CEO

## 2017 was a year of building the future,

one which saw ISACA launch new programs, grow our international visibility, and increase our influence and impact on the global stage. These strides forward were made possible through the concerted efforts of volunteers from across our nearly 220 chapters, and include such efforts as:

- The debut of ISACA's CSX Training Platform that provides enterprises with timely, real-world, hands-on and performance-based cybersecurity training solutions on-demand.
- ISACA's public policy work, which has increased our voice as an advocate for the global technology professional community with policy leaders in the US, UK, EU and Australia.
- Member access to research on topics from governance to digital transformation, the result of a new collaboration with the Massachusetts Institute of Technology Center for Information Systems Research (MIT CISR).
- The transition to computer-based testing for ISACA's core certifications, as well as re-accreditation for those certifications through ANSI/ISO.
- The launch of ISACA's SheLeadsTech program to empower and engage women technology professionals throughout the world, across their career continuum.
- Robust participation across the spectrum of ISACA's global conferences, with our North America CACS conference enjoying its largest attendance to date.
- A record-setting number of CMMI appraisals, as well as the expansion of the FDA's Medical Device Discovery Appraisal Program that leverages the CMMI to elevate quality in the medical device industry.
- The drafting, development and early implementation of the expansion of ISACA's business development efforts within China, as well as the work to open ISACA's newest international office in Beijing.
- The implementation of our recent graduate program to encourage young professionals to become engaged in ISACA.



## “Everything changes, nothing stands still.”

HERACLITUS, 500 BC

It's an old quote, but it is even more meaningful today than it was millennia ago. In our modern world, a change environment is the new normal, and technology is increasing the pace of change within ISACA's fields of interest to blistering levels. Our global ISACA community of more than 165,000 members and certification-holders who are professionals in audit and assurance, cybersecurity, information and technology governance, and risk management are enabling much of that change, shaping the future of our professions as they endeavor to help the global community realize the positive potential of technology.

While these initiatives are a small sampling of ISACA's achievements in 2017, they are representative of how ISACA is setting the stage for a future of promise and possibilities, a theme you will see underscored throughout the pages of this 2017 Annual Report. ISACA's community has a lot to look forward to in 2018—new cybersecurity resources geared toward audit professionals; our anticipated early-2018 launch of our new CMMI Cybermaturity Platform together with CMMI Institute; continued public policy outreach, including the debut of resources to aid enterprises around the world in complying with the EU's new General Data Protection Regulation; and laying the groundwork to mark the occasion of the 50th anniversary of ISACA's founding, which will take place in 2019.

Everything does change, and ISACA will not stand still. 2017 was a year of looking ahead, forging partnerships and alliances, and creating new offerings. We remain committed to helping the global technology community navigate and benefit from the change environment with an eye on seeing what's next, now.

**Theresa Grafenstine**

CISA, CGEIT, CRISC, CGMA, CIA, CISSP, CPA, ISACA Board Chair and Managing Director, Deloitte & Touche, LLP

**Matt Loeb**

CGEIT, CAE, FASAE, ISACA Chief Executive Officer

# ISACA® Board of Directors



Chair Theresa Grafenstine, CISA, CGEIT, CRISC, CGAP, CGMA, CIA, CISSP, CPA



Vice-Chair Robert Clyde, CISM, NACD Board Leadership Fellow



Director Brennan P. Baybeck, CISA, CISM, CRISC, CISSP



Director Zubin Chagpar, CISA, CISM, PMP



Director Peter Christiaans, CISA, CISM, CRISC, PMP



Director Hironori Goto, CISA, CISM, CGEIT, CRISC, ABCP



Director Mike Hughes, CISA, CRISC, CGEIT



Director Leonard Ong, CISA, CISM, CRISC, CGEIT, CPP, CFE, PMP, CIPM, CIPT, CISSP, ISSMP-ISSAP, CSSLP, CITBCM, GCIA, GCIH, GSNA, GCFA



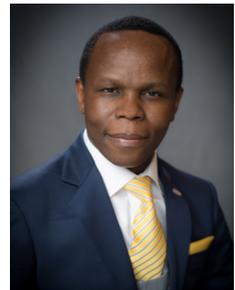
Director R.V. Raghu, CISA, CRISC



Director Jo Stewart-Rattray, CISA, CISM, CGEIT, CRISC, FACS CP



Director Ted Wolff, CISA



Director Tichaona Zororo, CISA, CISM, CGEIT, CRISC, COBIT 5 Certified Assessor, CIA, CRMA



Past Chair Chris K. Dimitriadis, Ph.D., CISA, CISM, CRISC



Past Chair Robert E. Stroud, CGEIT, CRISC



Past Chair Tony Hayes, CGEIT, AFCHSE, CHE, FACS, FCPA, FIIA



Director and CEO Matt Loeb, CGEIT, FASAE, CAE



## About ISACA

### Established 1969

---

**450,000**  
engaged professionals

**188**  
countries

**165,000+**  
members and certification-holders

**217**  
chapters

Nearing its 50th year, ISACA ([isaca.org](http://isaca.org)) is a global association helping individuals and enterprises achieve the positive potential of technology. Today's world is powered by technology, and ISACA equips professionals with the knowledge, credentials, education and community to advance their careers and transform their organizations.

ISACA leverages the expertise of its 450,000 engaged professionals in information and cyber security, governance, assurance, risk and innovation, as well as its enterprise performance subsidiary, CMMI Institute, to help advance innovation through technology. ISACA has a presence in 188 countries, including 217 chapters worldwide and offices in both the United States and China.

### Connect with ISACA on social media:





## Volunteer Engagement

# The WHEELS of ISACA

are propelled by the passion and goodwill of our volunteer community

## WHAT'S NOW

The Awards Working Group revamped ISACA's Awards Program to more deeply engage the global community in celebrating outstanding accomplishments across our industry. Their efforts included creating a nomination and peer-evaluation process, more clearly defining the scope of the recognition portfolio and introducing two new ISACA Chapter Awards.

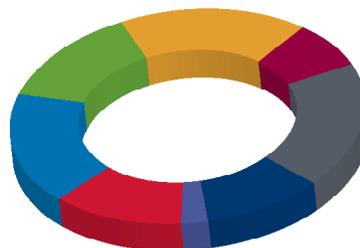
ISACA increased volunteer engagement by more than 50% at its CACS and CSX conferences compared to 2016. Conference attendees expressed 95% satisfaction with the onsite volunteers, underscoring the value of volunteer efforts in ensuring an incredible attendee experience.

Multiple volunteer working groups enabled ISACA's CISA, CISM, CGEIT and CRISC certifications to move to computer-based testing through developing expanded question banks and refreshing existing question banks and exams, all to ensure high-quality exams that test relevant, current content. In addition, a diverse spectrum of security professionals updated the job practice tasks and knowledge for the CSX Practitioner certification.

## WHAT'S NEXT

ISACA will continue to identify new ways to engage its professional community, enhance recognition activities of its dedicated contributors and help build future leaders by creating experiences and networking opportunities to benefit individuals and their organizations.

### ISACA 2017 VOLUNTEER EFFORTS



- 19% Certification
- 17% Translation
- 17% Knowledge and content
- 14% Strategic programs
- 12% International governance
- 11% Conference onsite
- 8% Article review
- 2% Cyber/CSX



## Chapters

Our  
**217 CHAPTERS**  
support ISACA's global  
professional community

### WHAT'S NOW

ISACA's Chapter Relations team conducted six regional leadership conferences that allowed chapter leaders from around the world to come together with their peers for two days of networking, sharing best practices and learning about new offerings and opportunities available to chapter members and volunteers.

Chapter ONE, a biweekly email to all chapter leaders providing timely updates from the Chapter Relations team, was launched.

The Chapter Services Working Group (CSWG) was formed. Composed of 13 former and current chapter leaders from around the world, this group was tasked with researching, analyzing and recommending services that would benefit ISACA and its chapters.

### WHAT'S NEXT

ISACA is introducing its Chapter Affiliation Agreement, strengthening its training through the Accredited Training Program and implementing a revamped chapter awards program. ISACA's second Global Leadership Summit will help the organization chart an innovative path forward to build on ISACA's upcoming 50th anniversary.

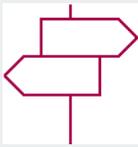
**95%** of all chapters worldwide participated in at least one regional leadership conference.

**2** ISACA chapters were formed: Harare, Zimbabwe and Trivandrum, India.





### Why women are underrepresented\*



Lack of mentors



Lack of female role models in the field



Workplace gender bias



Unequal growth opportunities



Unequal pay for the same skills

\*according to ISACA research published in 2017

## SheLeadsTech™

Addressing the underrepresentation of  
**women in technology**  
 through a steadfast commitment  
 and a global coalition

### WHAT'S NOW

ISACA's program to empower women in technology – SheLeadsTech – launched under a new name and refined mission as ISACA advances its commitment to increase the representation of women in technology leadership roles and the tech workforce. The program's three pillars are "Raising Awareness," "Preparing to Lead" and "Building a Global Coalition."

SheLeadsTech networking events introduced the program to large gatherings at ISACA's CSX North America and CSX Europe conferences.

ISACA provided chapters with a "Raising Awareness" toolkit to help them conduct SheLeadsTech events and build enthusiasm for the program among their members.

### WHAT'S NEXT

The SheLeadsTech program engaged more than 500 ISACA members and professionals through global initiatives in 2017. SheLeadsTech expects to double those engagement numbers in the coming year while simultaneously encouraging chapters to further the program's mission with local events.



## Research and Knowledge

ISACA provides leading **knowledge resources** to develop trusted technology advisors

### WHAT'S NOW

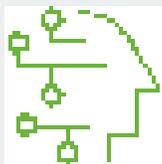
The Research and Knowledge teams focused on user-friendly, shorter-form content, facilitating the release of more than 50 knowledge assets in various formats, including print, interactive (tools, audit, programs), video and audio.

ISACA collaborated with the Massachusetts Institute of Technology (MIT) and its Center for Information Systems Research (CISR), allowing ISACA members to access more than 100 MIT research briefings on digital transformation-related topics, including strategy, change and risk management, artificial intelligence (AI) and data analytics. ISACA also partnered with Wapack Labs to provide members with the latest resources on threat intelligence.

ISACA's Tech Brief series debuted, providing high-level overviews of technology topics that help non-IT stakeholders expand their understanding of key industry topics, such as AI, blockchain and augmented reality/virtual reality.

### WHAT'S NEXT

ISACA will continue to produce knowledge assets that expand its robust library of relevant information for the professionals it serves, including timely topics such as General Data Protection Regulation (GDPR), digital transformation and strengthening cyber resilience.



Research campaigns explored topics such as digital transformation, tech-savvy board leadership and women in technology.



10,324

Downloads of Auditing Cyber Security white paper



## Membership

Because ISACA delivers what matters most to members,

**the global professional community grows**

### WHAT'S NOW

A total of 26,470 new members joined the ISACA professional community, which included more than 135,000 members in 188 countries at year-end.

The Membership team's "Member Get A Member" campaign exceeded expectations by bringing aboard more than 1,200 new members.

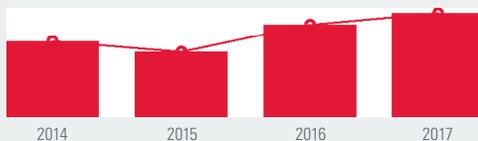
The newly created Recent Graduate membership also proved popular, leading to more than 1,000 new members.

### WHAT'S NEXT

Membership will continue to develop and launch new programs and initiatives with an emphasis on increased member savings and access to the content and knowledge that matters to them most. ISACA is exploring additional opportunities to increase membership value and member engagement in 2018 and beyond.

**89%**  
Percentage of members likely to recommend ISACA membership to others

Membership retention rates





## Learning Solutions

ISACA helps business technology professionals keep up with the **latest industry trends and best practices**

### WHAT'S NOW

ISACA asserted stronger governance over certification training and outcomes through the launch of its Accredited Training Program.

The 2017 North America CACS conference, which took place in Las Vegas, Nevada, USA, set an ISACA conference attendance record with more than 1,500 total attendees.

ISACA's Learning Solutions team launched CISA, CISM and CRISC self-paced training courses, offering certification candidates greater flexibility and convenience in their exam preparations.

### WHAT'S NEXT

Learning Solutions will leverage the development and launch of 2017 online programs to further define ISACA's vision, engage our professional community in continuous learning and support their career advancement in 2018 and beyond.

More than  
**260,000**  
participants in online  
event programming



## Enterprise Business Development

ISACA's

**global influence grows,**  
delivering increased value to enterprises

More than

**60%**

enterprise engagements  
outside the US and Canada



**70** new ISACA  
enterprise  
customers

### WHAT'S NOW

Enterprise Business Development grew 37% over the previous year, generating 70 new customers and connecting enterprises with new solutions to address their challenges and opportunities.

After the April launch of the Cybersecurity Nexus (CSX) Training Platform, 19 new clients were signed, contributing to substantial growth in the financial services industry client base.

More than 60% of overall sales came from customers outside the US and Canada, with more than 20% of total sales in China.

### WHAT'S NEXT

Enterprise Business Development will continue ISACA's growth, focusing on the CSX Training Platform; CMMI Cybermaturity Platform; onsite training, particularly in the financial services sector; expansion in China; and furthering ISACA's impact on the professional community through Accredited Training Organizations.



## Content and Publications

Our **expert content** is available in a growing array of platforms and languages

### WHAT'S NOW

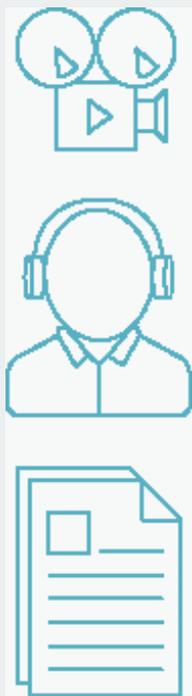
ISACA built and launched a digital library, a major step forward in how our content assets are developed, managed and stored.

ISACA Podcasts generated five times the number of listens compared to the previous year, while distribution of podcasts expanded to Google Play, SoundCloud and iTunes.

The Content Management & Development team built and expanded its language libraries with a focus on identified strategic languages: Chinese Simplified, Japanese and Spanish.

### WHAT'S NEXT

ISACA's Content Management & Development team will focus on creating relevant content in a streamlined and strategic manner for ISACA's professional community. The new digital library provides the infrastructure to support ISACA's strategic vision and continue to enhance its content portfolio.



**450+**  
content deliverables  
produced by ISACA

**1.8M+**  
website page views  
and downloads of  
ISACA assets



## Cybersecurity Nexus

We are building the world's  
**next-generation  
cybersecurity workforce**

### WHAT'S NOW

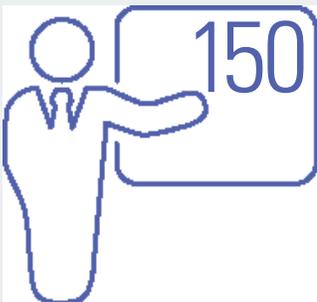
ISACA launched the Cybersecurity Nexus (CSX) Training Platform, which provides users access to live lab environments where they can build the hands-on skills urgently needed by cybersecurity practitioners and their organizations.

The CSX team completed a job practice analysis for the CSX Practitioner (CSXP) exam, which pinpointed the most relevant job tasks and knowledge required for the certification, while also creating a self-paced exam prep offering for individuals.

The CSX team facilitated CISO Forums at ISACA's CSX North America and CSX Europe conferences, providing opportunities for enterprise security leaders to share industry-leading knowledge and best practices.

### WHAT'S NEXT

A revamped CSXP certification will align with the latest job requirements of cybersecurity practitioners and enable test-takers to demonstrate the hands-on skills needed to contend with the evolving threat landscape. Additional labs will be added to the CSX Training Platform to help practitioners keep pace with the latest threats.

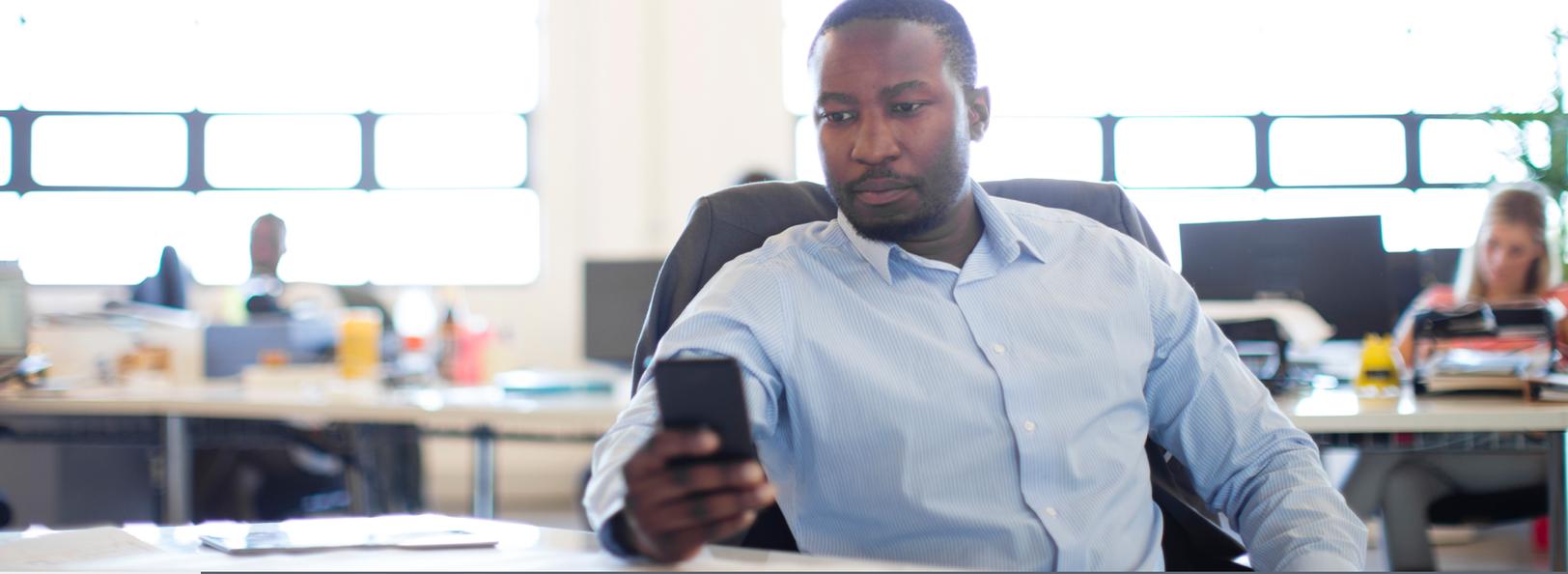


150 hours produced of hands-on, skills-based CSX training



2X

The number of CSXP exams taken more than doubled from 2016



2,632

appraisals in 2017



42

new partners



23

new lead appraisers



53

countries where CMMI  
appraisals have been delivered

## CMMI Institute

Building the capabilities of

# people, processes and technology

lets organizations discover the potential of  
the increased value they can deliver

## WHAT'S NOW

CMMI Institute produced a record 2,632 appraisals in 53 countries – helping organizations to identify their key strengths and weaknesses – while adding 23 new lead appraisers.

CMMI Institute is developing a new platform to conduct cybersecurity capability assessments and measure enterprise cyber resilience. The platform will let organizations create a unique risk profile, assess their capabilities against a comprehensive framework of emerging practices, benchmark their capability compared to others, and develop a roadmap to manage their cybersecurity programs and investments.

CMMI Institute advanced CMMI V2.0 for Development, which will focus on business performance and ease of use.

The US Food and Drug Administration sponsored a pilot of the Medical Device Discovery Appraisal Program (MDDAP), which used tailored CMMI appraisals to assess capabilities in the medical device manufacturing industry and create a pathway for improvement for each organization.

CMMI Institute joined ISACA in establishing a physical presence in China to directly respond to demand in Asia for advancing operational excellence.

## WHAT'S NEXT

CMMI's 2017 achievements are poised to lead to growth through the complete revitalization of core CMMI services in addition to opportunities for impact in new areas, including cybersecurity and medical devices.



## China Operation

We are committed to growing our visibility, influence and impact **across the globe** to better serve our professional community.



## WHAT'S NOW

ISACA formed a Wholly Foreign-Owned Enterprise (WFOE), ISACA IT Technology (Beijing) Co., Ltd., establishing an office in China.

ISACA WFOE established the Beijing Community, Shanghai Community and Southern China Community to provide services to professionals in those regions.

ISACA WFOE and the China Banking Regulatory Commission held two well-received joint seminars in Chengdu and Shanghai. About 150 attendees from 51 banking institutions participated in the seminars.

## WHAT'S NEXT

ISACA will continue to work with the government, regulators, other associations, the industry and universities to grow ISACA's footprint in China.



Selected as the Best Professional Certification Program in the 2017 SC Awards



Named the second-highest paying certification in Global Knowledge's 2017 IT Skills and Salary Report



Named among industry-leading GRC certifications by CIO Magazine



Named the top-paying certification in Global Knowledge's 2017 IT Skills and Salary Report

## Certification

ISACA provides the **credentials**

our professional community needs to meet the demands of a challenging technology landscape

## WHAT'S NOW

ISACA converted the administration of its CISA, CISM, CGEIT and CRISC certification exams from paper-based delivery to computer-based testing.

The new exam delivery schedule enabled ISACA to provide more testing dates and expand test center locations throughout the world.

The CISM certification job practice was updated, ensuring the credential reflects the most current knowledge and experience that information security managers need to excel.

## WHAT'S NEXT

ISACA's certification exam delivery schedule will include expanded administration windows and reduced downtime between windows. Additionally, ISACA plans to enhance the quality of exam questions and the testing experience while bringing the exam to new geographies with emerging demand.



## Customer Experience Center

Responsiveness to the  
**customer voice**  
is at the forefront of every decision ISACA makes

### WHAT'S NOW

ISACA celebrated the one-year anniversary of its Customer Experience Center (CEC) in November, marking a year in which the CEC team served our customers' needs from one centralized team of experts, and used customer data and feedback to drive organization-wide changes that significantly improved the customer experience.

The CEC team used customer journey mapping to map the current and future states of the overall certification experience, including exams, leading to important short-term improvements and a customer-focused roadmap for future initiatives and investments.

The CEC team launched a chat support pilot to better align with ISACA customers' preferences.

### WHAT'S NEXT

ISACA will continue to leverage customer data and feedback to deliver an improved customer experience and become an increasingly customer-centric organization.



Customer satisfaction increased from an average of 76% in the first half of 2017 to 83% in the second



First-contact resolution for customers increased from an average of 69% in the first half of the year to 77% in the second half



## Advocacy and Public Affairs

ISACA's voice is being heard by **policymakers and influencers** around the world



**100+**  
Meetings with government officials



**11**  
Policy consultations

## WHAT'S NOW

ISACA CEO Matt Loeb led a discussion on the benefits of cybersecurity audits as part of a US Capitol Hill briefing sponsored by the Congressional Cybersecurity Caucus.

ISACA hosted a cybersecurity roundtable in London that gathered senior stakeholders to discuss topics such as the cyber threat landscape, strengthening the public sector cybersecurity workforce and ensuring cybersecurity is seen as a board-level responsibility.

The Advocacy and Public Affairs team spearheaded a new working group that directed ISACA's General Data Protection Regulation (GDPR) focus on privacy by design, appropriate security protection and the role of the Data Protection Officer, all work assembled into an ISACA position shared with policymakers in Brussels. The working group also guided ISACA's development of resources to help its global professional community prepare for 2018 GDPR enforcement.

## WHAT'S NEXT

The Advocacy and Public Affairs team will continue to focus on executing its strategic plan, which includes targeted outreach to government officials and policy influencers on regulatory topics and initiatives such as consideration of the new CMMI Cybermaturity Platform as an industry standard. ISACA will continue cultivating strategic partnerships and relationships in India, including with the Reserve Bank of India and NASSCOM.

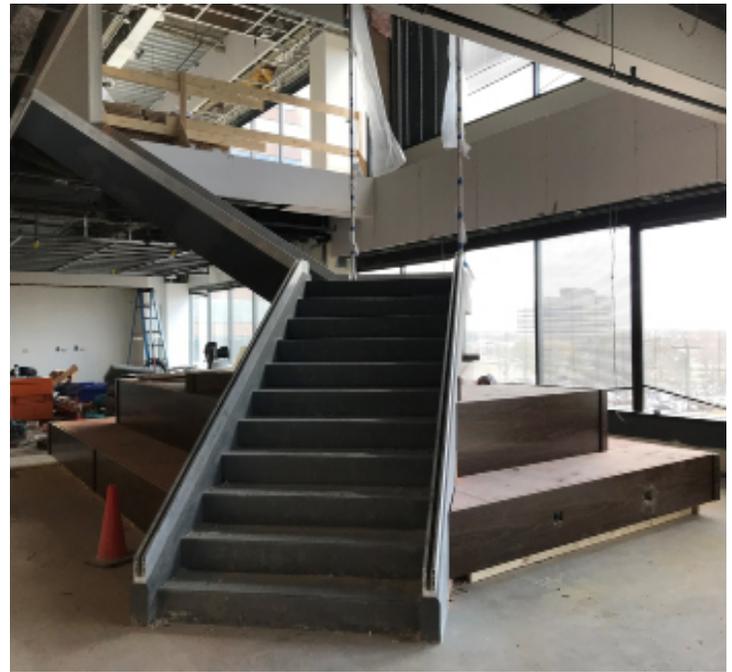


ISACA CEO Matt Loeb at US House of Representatives in Washington, DC

# Images of What's Now and What's Next for ISACA



ISACA's global headquarters are shifting from Rolling Meadows, Illinois, USA, to this facility in nearby Schaumburg, Illinois in 2018.



ISACA's new headquarters, under construction here, will position ISACA's staff to work more efficiently to best serve ISACA's global professional community.



ISACA's slate of 2018 global conferences will include a stop in Edinburgh, Scotland, for EuroCACS 2018, taking place 28-30 May.



ISACA's expanded outreach in China has included seminars such as this one in Chengdu, jointly conducted with the China Banking Regulatory Commission.



ISACA's global professional community is preparing for the 2019 milestone of the organization's 50th anniversary by Honoring Our Past. Innovating our Future.



**THE ROAD TO ISACA 50**  
FOLLOW ALONG AS WE GEAR UP FOR OUR 50TH ANNIVERSARY IN 2019 AND HELP US COUNT DOWN TO THE CELEBRATION!

**Conferences have always been fun!**

ISACA conference activities come in all shapes and sizes. At the 1969 National Conference in Orlando, Florida, a booth for the Postcard Inn offered a cutting green for attendees to enjoy.

More recent conferences have included popular activities such as trivia nights and group exercises between sessions.

**GET INVOLVED**

JOIN US TO CELEBRATE

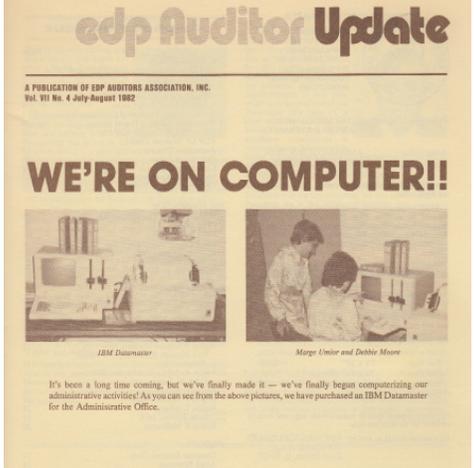
**255** EVENTS

**11** COUNTRIES

**TAGS**

- technology
- publication
- profession
- job
- international
- newsletters

The ramp-up to the anniversary will accelerate in 2018, with more frequent website updates at [isaca50.org](http://isaca50.org), the assembly of toolkits to help chapters celebrate, and a yearlong series of audio and video interviews with ISACA members that will highlight the organization's proud past and promising future.



**edp Auditor Update**

A PUBLICATION OF EDP AUDITORS ASSOCIATION, INC.  
Vol. 10 No. 4 July-August 1982

**WE'RE ON COMPUTER!!**

IBM Datamaster

Marge Umbr and Debbie Moore

It's been a long time coming, but we've finally made it — we've finally begun computerizing our administrative activities! As you can see from the above pictures, we have purchased an IBM Datamaster for the Administrative Office.

# 2017 Donors: Individuals

## Platinum

---

Marios Damianides  
Benjamin Gerstner  
Shankar Iyer  
John Lainhart  
Lynn Lawton  
Akira Matsuo  
Robert A. Micek

## Gold

---

Jeffrey Patubo  
Kenneth Vander Wal  
Daniel Wiechec

## Silver

---

Ignacio Alamillo	Barry George Hadfield	Charlie Moraza	Mugdha Satish Satarkar
David Applebaum	Aris Budiman Hartono	Paul Neff	Jose Saucedo
Jim Arnold	Markus Heinen	Francis Nemia	Martin Jacques Saumure
Earl Charles Begley	Patricia Henderson	Young Seok Ock	Martin Schlaeppli
Damien Bertero	Jason Ingalls	Carmen Ozores Fernandes	Laurent Schwartz
Fernando Calvillo	Michael Jimenez	Pramod Shashikant Paranjape	Christodoulos Seferis
Walter Lee Carter	Vijay Karayi	Shetal Patel	Dirk Steuperaert
Francois Corminboeuf	Emiko Kurihara	Roman Pendzey	Vaclav Stverka
Bernard Czaja	Stephen Lantrip	Hugh Henning Penri-Williams	Bernard Chee Kian Tang
Donna Degenhart	Kimberley Laris	Tajjud-deen Phillipps	Alexandru Tasca
Umberto DeLucilla	Tak Wa Lau	Andre Pitkowski	Karen Sands Tinucci
Helene Demoulin	Anna Maria Lindstrom	Michael Podemski	Thomas Gerard Totton
Andres Dickehut	James Elwyn Lytle	Sorin Alexandru Popa	Ernest Villaverde
Gert Thomas Du Preez	Tom Hugo Madsen	David George Reinhold	Wouter Haasloop Werner
Anthony DuBose	Eric John Malmgren	Charles Kendall Roberts	James Wiechers
Francisc Xavier Fernandez Cuesta	Bryan McAtee	Rafael Roldos	Ming Wu
Richard Fernez	Robert McFarland	Cristian Rosa	Jens Wudick
Ashok Ghosh	James Meyer	Vijayakumar S.R.	Mahmoud Mohamed Yousef
Stewart Frank Gwyn	Naoyoshi Misho	Julio Saiz	Carlos Zamora
		Merve Sarac	

# 2017 Donors: Individuals (cont.)

## Donor

Paul Rudolph Aaron  
Fettouma Abbas-Terki  
Daniel Ablett  
Zoran Abraham  
Shawn Acker  
Bryan Ackermann  
Makoto Aga  
Lucas Ahiable  
Azubike Edward Ahubelem  
Om Satpal Ahuja  
Said Hassan Al-Balushi  
Mark Owen Aldrich  
Faisal Abdulla Al-Kuwari  
Joaquim Ma Altafaja Divi  
Scott Raymond Andersen  
James Michael Anderson  
Jay Anthony  
Roberto Apollonio  
Renato Aquilino-Pujol  
Henri Arendsen  
Luis Adrián Arroyo  
Sam Arthur  
Julius Azarcon  
Anna Mmanoko Badimo  
Nagarajan Balasubramanian  
Venkata  
Enrique Barroso  
Richard Bates  
Robert Bauhuis  
Debra Michelle Beach  
Christina Marie Belding  
Luis Sean Beltran Dooly  
Rob Benjamin  
Paul Berkebile  
Gayle Berkeley  
Glauco Bertocchi  
Susanna Bezold  
Milind Madhav Bhide  
Stuart Birkett  
Jean Bloch  
Khaled Bohsali  
Benjamin Boi-Doku  
Bruce Boldurian  
David Alan Bonewell  
Bernhard Bonus  
Lewis Borsellino  
Edwin Bowden  
David Brachio  
John Brady  
Moises Brito  
George Brotbeck  
Douglas Brown  
Dora Brull-Cid  
Richard Brunner

Renato Burazer  
Krzysztof Burek  
Nathan James Burley  
Philip Joseph Patrick Burns  
Mark Alexander Butzke  
Sarina Byl  
Gabrielle Caddle  
Jose Campos  
Cynthia Cannaday  
Mario Carbajal  
Paul Casey  
Anthony Chalker  
Victor Sze-Tin Chan  
Steve Chazan  
Gang Che  
Sarat Chandrakumar Chegu  
James Cheyne  
William Chilin  
Sandra Choyce  
David Allen Christie  
Adnan Khaliq Chughtai  
Sheba Anne George Chungath  
Maxim Chuprunov  
Hee Shing Chye  
Robert Clarke  
Kevin Gerald Conlon  
Mark Connelly  
Brian Coutanche  
Staci Ann Marie Crane  
Lillian Cruz  
Szabolcs Csontos  
Daniel James Cunningham  
Gordon Curtis  
Dinesh Merwin D'Souza  
Kishor Jagannath Dandeker  
Clive Davids  
William Davidson  
Rodney Owain Davies  
Fidel Deforte  
John Joseph DeMauro  
John Bernard Dempsey  
Patricia Giovanna Diaz Tori  
Kenneth Richard Diedrich  
Valeria Dineva  
Ruedi Doebeli  
Michael Dorn  
Lawrence Drolet  
Zea Du Preez  
Andre Dufour  
Salih Ali Durul  
Sumit Dutta  
Alan Egge  
Jeanne Elmuccio  
David Empey

John English  
Marco Ermini  
Tomoyasu Eto  
Agu Ets  
Michael Fabri  
Dieter Fabritius  
Tony Fairclough  
Tao Feng  
Cherrie Mae Ferreria Chiomento  
Uwe Fiedler  
David Findling  
Kenneth Glenn Fitzpatrick  
Arnaud Flotte-Dubarry  
Chi Kwong Fong  
Paul Fordiani  
Yoshio Fukasawa  
Travis Funkhouser  
Don Furstenburg  
Pamela Susan Fusco  
Arief Gaffar  
Ramses Gallego  
Fredrik Galtung  
Jorge Luis Garcia  
Luis Enrique Garcia de Paredes  
Eduardo Garcia Martinez  
Lillian Garner  
Frank Gerber  
Daniel Anthony Gersper  
William Gessner  
Evangelia Gialamboukis  
Kristian Gibson  
Paul Danlami Gimsay  
Hubert Darnell Glover  
Fernando Gomez Alfonso  
Uraia Rokoca Goneyali  
Daren Ashley Goodwin  
Adam Gordon  
Lodewijk Ludo Goubert  
Manoharan Govindaraj  
Kumararaj Govindaswamy  
Roger Scott Greenwell  
Gerd Karl Grimberger  
Stefan Gross  
Marisol Guasca Barragan  
Robert Guentherberg  
Jorge Guevara Lopez  
Catherine Addabbo Guice  
Jose Pascual Gumbau Mezquita  
Tod Gene Gunther  
Stacey Hamaker  
Atsushi Hanaki  
Michael Hartigan  
Prachit Hawat  
Tsutomu Hayakashi

Tanner Heil  
Marinus Hendriksen  
April Holder  
Jennifer Hong  
Adrian Howe  
Michael John Hughes  
Ernest Hughes  
Gregory Chester Hupp  
Janette Shaheen Hussain  
Olanrewaju Taofeek Idris  
Jose Isebia  
Samuel Chiedozie Isichei  
Mohammed Saad Fathy Ismail  
Jun Ito  
Caryn Jackson  
Babatunde Jaji  
Dean Jaques  
Stanley Jarocki  
John Jarvis  
Bruce Jenkins  
Allan Jagath Monesh Jinadasa  
Ebenezer Olugbenga John  
Claudia Marie Johnson  
Edward Eric Johnson  
Mark Keith Johnson  
Robert Van Jolliffe  
George Jolly  
Julio Jolly Moore  
Susan Jones  
Guy Jordan  
Rohini Joshi  
Zhan Jovanovski  
Ghassan Kabbara  
Kris Allan Kahn  
Masatoshi Kajimoto  
Ramzi Kanso  
Parikshat Kapur  
Spiros Karasavvidis  
Hassan Karim  
Yasushi Kasahara  
Iftikhar Fazlehussain Kathawala  
Ravi Shankar Balakrishnan Kavaseri  
Tomohide Kawawaki  
Lloyd Keel  
Carolyn Keith  
Gerard Kelliher  
Gethemane Jessica Keramas  
Rabia Khanfir  
Nada Khatib  
Andrew Kim  
Narasimha Devadasa KiniGurpur  
Yoshihiro Kitsutaka  
David Klatt  
Robert Thomas Klein

## 2017 Donors: Individuals (cont.)

### Donor

Terje Klepp	Douglas Melville	Paul Praveen	Pablo Silberfich
Chris William Kmosko	Paulo Mendez	John Premanath	Mahadevan Sivaramakrishnan
Petr Knize	Jorge Merida Munoz	Marin Prisacaru	Helene-Ann Smith
Ram Prasad Kodukulla	Michael Meyer	Wagner Roberto Pugliese	Peter Smithson
Ivo Koppelmaa	Christopher John Miles	Robert John Puppa	Folarin Sogege
Dirk Kramer	Andrew Millar	Rajesh Kantesh Purohit	Sandeep Sokhey
Denis Krauss	Thomas Josef Moellers	Henny Raadschilders	Balaji Srinivasa Raghavachari
Dominik Kronberger	Armanda Moore	R.V. Raghu	Juan Horacio Stagg
Gordon Brian Krueger	Rick Moreno	Swami Ramachandran	Ivan Stanchin
Walter Ronald Kuketz	Michelle Ann Morris	Rafael Ricardo Ramirez	Pieter Steijger
Shenthil Kumar S.R.	Chris Moschovitis	Francisco Vicente Ramon-Mira	Achim Michael Stein
Chi Choi Kuok	Jeffrey Moskowitz	N. Ramu	Stephen Stewart
Daniel Kurt	Rogelio Enrique Luna Munoz	Sree Krishna Rao	Richard George Stohner
Stefan Laager	Pekka Mustonen	Sachin Chandrakant Rasam	Ulrich Stricker
Chandrasekar Lakshmi Varahan	Farit Muzipov	Michael Gerard Redmond	Charles Stuart
Russell Lamosek	Prabhash Nadesan	Nicola Anne Reid	Narayanan Subrahmanyam
Hendrik Jan Land	Sudeep Nair	Wolf-D. Richter	Katsutoshi Sugiyama
Jimena Guadalupe Larrea	Chandramohan Narayan	Jack Riegel	Patrick Sullivan
Jacinthia Lawson	Alexy Naveira	Kees Riemens	Shanmuga Sundaram
Patricia Liechty Layfield	Vijaya Kumar Navoor	Kim Ries	Diego Raul Tabares
Michel-Marc Le Vieux	Shuko Ndhlovu	Montino Roberts	Ichiro Tabata
Gil-Chin Lee	James Willis Neill	Marie Ghislaine Robinson	Toshimitsu Tachibana
Peter Leitch	Robert Bradford Nelson	Oscar Robledo	Daniel Talbot
Siew Kheen Leng	Delyan Nestorov	Jose Luis Rodriguez-Jimenez	Yoshito Tashiro
David Less	Peter Lee Newing	Facundo Rojo Gil	Keith Edward Tayloe
Christopher Letterman	Geok Peng Ng	Luis Rosado	Jeremy Tedes
Norman Levine	Patricia Niebling	Patricia Aneta Rowe-Seale	Messan Teko
William Corbett Lewis	Lisa Danielle Nykolyszyn	Grant Grant Rowson	Hiroshi Terai
Katherine Lidgard	Morenike Aderinola Ojewumi	Patrick Rozario	David Terpening
Tamara Lilly	Andrew Okada	Cristina Ruiz	Stacy Jo Thomas
Albert Lima	Chanroutie Omadath-Heetai	Stella Salas Sanchez	Vilma Thompson
Ku-Chuan Lin	Nosa Omoma	Blase Salvatore	Carl Robert Thorp
Christina MacGregor	Marcelino Eiji Oshima	Milton Eric Sambolin	Scott Tompkins
Bob Madderra	Francis Otoo-Ansah	Rodney Sampson	Javier Torner
George Kenneth Madzy	Elena Ouklonskaia	Zacarias Sanchez	Lisa Toro
Veronica Mancho	Sarah Suzanne Packer	Sylma Sanchez	Eric Tostenrud
Charles-Robert Manterfield	Balaji Packrisamy	Gautam Sarnaik	Silviu Trofimov
Peter Manzo	Marie-Grace Pagdanganan	Taishi Sasahara	Rod Troutman
Gary Lewis Marable	Panicos Papamichael	Dale Schartner	Eduardo Ng Tsang
Larry Marks	Hugh Parkes	Mario Schneider	Giancarlo Turati
Joseph James Marqua	Sean Pascoe	Carrie Lee Schwartz	Mete Turkyilmaz
Pamela Martinez	Keyur Patel	Robert Schwind	Martin Unterberger
Eiichi Matsubara	Vincent Pearce	Lakshminarayanan Ramaswamy	Martin Urban
Adrian Mayers	Klaus Agnoletti Pedersen	Sekharipuram	Luis Uria
Marguerite McCarthy	Anthony Kamara Pepeno	Jorge Serrano Rodriguez	Fumio Utsumi
Vickie LaVern McCray	Robert Walter Peterson	AbdulGhaffar Mohammad Setareh	Paul van Domburg
John McDonald	Carl Phillips	Alexander Setiadji	Michiel Van Hulsteijn
John McDonough	Aaron Pinto	Abdul Rehman Shaikh	Bartholomeus van Lodensteijn
Stacey McNeely	Christian Alexander Poisel	Yen Shan	Claude Van Orden
Sean McPoland	Joseph Ponnoly	Maxwell Shanahan	Chintan Vashi
William Harrison McVay	Mihaela Popescu	Ranee Shaw	Enrique Vasquez Granados
Eric Paul Meijer	Ifeoluwa Tobi Popoola	James Shedden	Sreenivasan Venugopal
Shane Kenneth Melliss	Andreas Postl	Makoto Shibata	Ronald Allan Viera
James Michael Mellis	William Prado	Brent Shirley	Frederic Vilanova

## 2017 Donors: Individuals (cont.)

### Donor

---

Juan Guillermo Villa  
Jason Edward James Viola  
Manuel Jose Viscasillas  
Robert Vitali  
Jon Voiculescu  
David Volschenk  
Oliver Von Salis  
Robert Vonderheid  
Christopher David Wagner  
Julian Wakim  
John Korvah Wangolo  
James Joseph Wasil  
Andrew Watson  
Richard Lawrence Way  
Ian Lawrence Webster  
Esper Boutros Wehbe  
Marcellinus Wendra  
Robert Philip White  
Dan Wilder  
Catherine Ruth Wilson  
Ernest Woodrow WahnigIII  
Trevor Andre Wood  
Paul Woods  
Shou-Hsin Mark Wu  
Kenichi Yamashita  
Li-Jen Lyaw Yang  
Sarkis Aram Yalian  
Toru Yoshihara  
Hajime Yoshitake  
Abdelbasset Zerrouki  
Manef Zidi

# 2017 Donors: Chapters

## Gold

---

Denver Chapter

## Silver

---

Austin Chapter

South Florida Chapter

Springfield, Missouri Chapter

Tulsa Chapter

West Michigan Chapter

## Donor

---

Atlanta Chapter



## 2017 Financials

**I**n 2017, ISACA experienced revenue growth in many of its core programs as highlighted by a higher member retention rate compared to prior years and continued market demand for its training and education programs. In addition, the year included a number of investments for ISACA. One significant investment was the opening of the Wholly Foreign-Owned Enterprise (WFOE), ISACA IT Technology (Beijing) Co., Ltd., on 12 April 2017. Additional continued investments were made in cybersecurity programs, as well as enterprise business development which focuses its efforts on enterprise level opportunities.

In order to support investments in strategic initiatives and operational programs, ISACA leveraged its margin loan agreement with Charles Schwab, which enables ISACA to borrow funds at a low interest rate based on its investment balances with Charles Schwab.

At 31 December 2017, the outstanding balance on the loan was US \$8.5 million and the annual interest rate was 2.31%.

ISACA's investment portfolio continues to allow the organization to position itself for operational sustainability and capitalize on strategic growth opportunities. 2017 saw a very positive return in the financial markets as ISACA's portfolio's earned over \$1.8 million in interest and dividends and recognized a very favorable realized/unrealized gain for the year of \$7.0 million.

As a leading global organization, ISACA continues to manage its reserves for operating and strategic purposes. ISACA increased its targeted operational reserve to US \$47.2 million to cover 10 months of

average operating expenses for the last three fiscal years. ISACA also maintains a strategic reserve that is used to invest in strategic growth and other member benefit opportunities. Following the aforementioned investments, as well as the increased allocation to the operational reserve, the strategic reserves had a balance of US \$27.6 million at the end of the year.

The 2017 audited financial statements for the organization are presented within this annual report. Looking ahead, management will continue to monitor key business drivers and economic conditions, and their related impact on operations and constituents in 2018 and beyond.

# Audit and Risk Committee Chair's Letter

The Audit and Risk Committee of the Board of Directors/Trustees (the Board) of ISACA, Inc., IT Governance Institute, Inc., ISACA Enterprises, Inc (IEI), and ISACA Global, Inc. (IGI) (the "Organization") oversees the Organization's financial reporting process on behalf of the Board, and is composed of seven independent members. In fulfilling its responsibility, the committee recommended to the Board the selection of the Organization's independent certified public accountants.

The committee discussed with the independent certified public accountants the overall scope and specific plans for their audit. The committee also discussed the Organization's consolidated financial statements and the adequacy of its internal controls.

The committee met with the Organization's independent certified public accountants, without management present, to discuss the results of their examination, their evaluation of the Organization's internal controls, and the overall quality of the Organization's financial reporting.

A handwritten signature in black ink, appearing to read 'Tichaona Zororo', written over a horizontal line.

**Tichaona Zororo**

CISA, CISM, CGEIT, CRISC, COBIT 5 Certified Assessor, CIA, CRMA  
Chair, Audit and Risk Committee

# Management Report on Responsibility for Financial Reporting

The management of ISACA, Inc., IT Governance Institute, Inc., ISACA Enterprises, Inc (IEI), and ISACA Global, Inc. (IGI) (the "Organization") has the responsibility for the preparation, integrity and fair presentation of the accompanying financial statements. The statements were prepared in accordance with generally accepted accounting principles applied on a consistent basis and, as such, include amounts that are based on management's best estimates and judgments. Management also prepared the other information in the annual report and is responsible for its accuracy and consistency with the financial statements.

The Organization's financial statements for 2017 have been audited by CohnReznick LLP, independent certified public accountants, elected by the Board of Directors/Trustees (the Board). Management has made available to CohnReznick LLP all of the Organization's financial records and related data, as well as the minutes of the Board's meetings. Management believes that all representations made to CohnReznick LLP during its audit were valid and appropriate.

The Organization maintains a system of internal control that is designed to provide reasonable assurance to management and to the Board regarding the preparation and publication of reliable and accurate financial statements, the effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The system includes a documented organizational structure and division of responsibility, established policies and procedures that are communicated throughout the Organization, and the careful selection, training and development of personnel. Management also recognizes its responsibility for fostering a strong ethical climate so that the Organization's affairs are conducted according to the highest standards of personal and corporate conduct.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation.

The Organization evaluates its internal control system in relation to criteria for effective internal control over financial reporting described in Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and as of 31 December 2017 the Organization believes that its system of internal control over financial reporting met those criteria.

As part of its audit of the Organization's financial statements, CohnReznick LLP assessed the Organization's internal accounting controls structure to establish a basis for reliance thereon in determining the nature, timing and extent of audit tests to be applied. Management and CohnReznick LLP have reviewed the internal control assessment with the Audit and Risk Committee as part of the committee's acceptance of the financial statements. The Board, operating through its Audit and Risk Committee, which is composed entirely of members who are not officers or employees of the Organization, provides oversight to the financial reporting process.



Matthew S. Loeb  
Chief Executive Officer

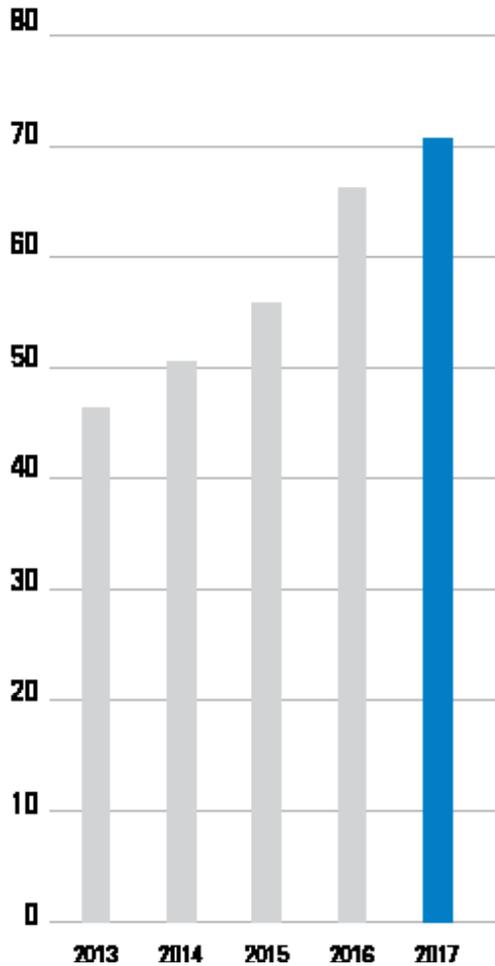


Robert A. Micek  
Chief Financial Officer

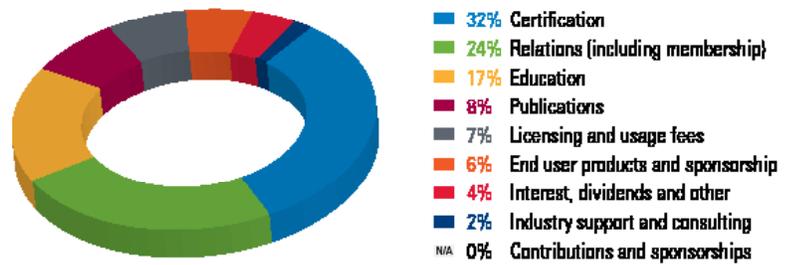
# Consolidated and Combined Financial Statements

All monetary amounts included in the financial statements are in US dollars.

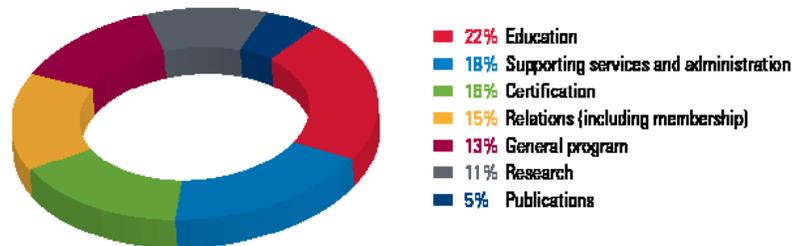
## HISTORICAL REVENUES (in millions of dollars)



## ISACA 2017 OPERATING REVENUES



## ISACA 2017 OPERATING EXPENSES



# Independent Auditor's Report

## Board of Directors

ISACA, Inc. and Affiliates

## Report on Financial Statements

We have audited the accompanying consolidated and combined financial statements of ISACA, Inc. and Affiliates (collectively, the "Organization"), which comprise the consolidated and combined statements of financial position as of 31 December 2017 and 2016, and the related consolidated and combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated and combined 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 consolidated and combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and combined 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and combined 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 consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of ISACA, Inc. and Affiliates as of 31 December 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Chicago, Illinois  
23 April 2018

## Assets

	2017	2016
<b>Current assets</b>		
Cash and cash equivalents	\$ 11,589,997	\$ 4,522,148
Investments	77,552,106	72,822,487
Accounts receivable, net	4,857,974	4,638,538
Prepaid expenses	3,661,715	2,629,655
Inventory, net	357,963	474,094
Other current assets	652,444	277,803
Total current assets	98,672,199	85,364,725
<b>Fixed assets</b>		
Leasehold improvements	1,551,481	996,359
Furniture and fixtures	1,386,435	1,402,943
Office equipment	76,241	139,187
Computer system	12,203,974	11,119,997
	15,218,131	13,658,486
Less accumulated depreciation	(9,073,162)	(8,301,312)
Net fixed assets	6,144,969	5,357,174
<b>Other assets</b>		
Goodwill	1,324,000	1,324,000
Intangible assets, net	5,256,298	3,529,524
Leasehold interest, net	-	1,833
Security deposits	41,608	41,608
Total other assets	6,621,906	4,896,965
Total assets	\$ 111,439,074	\$ 95,618,864

## Liabilities and Net Assets

	2017	2016
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 10,160,462	\$ 9,639,717
Deferred revenues	16,735,174	17,942,309
Other liabilities	9,661,696	827,173
Total current liabilities	36,557,332	28,409,199
Commitments and contingencies	-	-
<b>Net Assets</b>		
Unrestricted		
Board designated	47,245,570	43,821,432
Undesignated	27,595,061	23,347,122
Total unrestricted	74,840,631	67,168,554
Temporarily restricted	-	-
Permanently restricted	41,111	41,111
Total net assets	74,881,742	67,209,665
Total liabilities and net assets	\$ 111,439,074	\$ 95,618,864

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Operating revenues</b>				
Relations (including Membership)	\$ 16,740,063	\$ -	\$ -	\$ 16,740,063
Certification	22,581,641	-	-	22,581,641
Education	12,035,873	-	-	12,035,873
Publications	5,653,300	-	-	5,653,300
Contributions and sponsorships	61,084	1,000	-	62,084
Licensing & usage fees	4,749,814	-	-	4,749,814
Industry support & consulting	1,177,151	-	-	1,177,151
End user products & sponsorship	4,456,756	-	-	4,456,756
Interest, dividends, and other	2,861,969	9	-	2,861,978
Net assets released from restrictions	1,009	(1,009)	-	-
<b>Total operating revenues</b>	<b>70,318,660</b>	<b>-</b>	<b>-</b>	<b>70,318,660</b>

<b>Operating expenses</b>				
<b>Program services</b>				
Relations (including Membership)	10,646,316	-	-	10,646,316
Certification	11,096,280	-	-	11,096,280
Education	15,273,106	-	-	15,273,106
Publications	3,637,500	-	-	3,637,500
General program	8,919,310	-	-	8,919,310
Research	7,399,853	-	-	7,399,853
<b>Total program services</b>	<b>56,972,365</b>	<b>-</b>	<b>-</b>	<b>56,972,365</b>
<b>Supporting services</b>				
Board and administrative	12,659,232	-	-	12,659,232
Contributions - disaster relief	10,000	-	-	10,000
<b>Total supporting services</b>	<b>12,669,232</b>	<b>-</b>	<b>-</b>	<b>12,669,232</b>
<b>Total operating expenses</b>	<b>69,641,597</b>	<b>-</b>	<b>-</b>	<b>69,641,597</b>
<b>Excess from operations</b>	<b>677,063</b>	<b>-</b>	<b>-</b>	<b>677,063</b>

<b>Other gains</b>				
Net realized and unrealized gains on investments	6,995,014	-	-	6,995,014
Change in net assets	7,672,077	-	-	7,672,077
Net assets, beginning of year	67,168,554	-	41,111	67,209,665
<b>Net assets, end of year</b>	<b>\$ 74,840,631</b>	<b>\$ -</b>	<b>\$ 41,111</b>	<b>\$ 74,881,742</b>

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Operating revenues</b>				
Relations (including Membership)	\$ 15,963,211	\$ -	\$ -	\$ 15,963,211
Certification	23,002,845	-	-	23,002,845
Education	11,403,862	-	-	11,403,862
Publications	6,000,056	-	-	6,000,056
Contributions and sponsorships	127,499	6,500	-	133,999
Licensing & usage fees	4,506,908	-	-	4,506,908
Industry support & consulting	1,842,610	-	-	1,842,610
End user products & sponsorship	108,620	-	-	108,620
Interest, dividends, and other	3,171,197	9	-	3,171,206
Net assets released from restrictions	7,082	(7,082)	-	-
<b>Total operating revenues</b>	<b>66,133,890</b>	<b>(573)</b>	<b>-</b>	<b>66,133,317</b>

<b>Operating expenses</b>				
<b>Program services</b>				
Relations (including Membership)	11,351,990	-	-	11,351,990
Certification	12,664,419	-	-	12,664,419
Education	14,811,526	-	-	14,811,526
Publications	3,828,171	-	-	3,828,171
General program	5,517,002	-	-	5,517,002
Research	6,402,799	-	-	6,402,799
<b>Total program services</b>	<b>54,575,907</b>	<b>-</b>	<b>-</b>	<b>54,575,907</b>
<b>Supporting services</b>				
Board and administrative	14,516,492	-	-	14,516,492
<b>Total supporting services</b>	<b>14,516,492</b>	<b>-</b>	<b>-</b>	<b>14,516,492</b>
<b>Total operating expenses</b>	<b>69,092,399</b>	<b>-</b>	<b>-</b>	<b>69,092,399</b>
Deficiency from operations	(2,958,509)	(573)	-	(2,959,082)

<b>Other gains</b>				
Net realized and unrealized gains on investments	55,374	-	-	55,374
Change in net assets	(2,903,135)	573	-	(2,903,708)
Net assets, beginning of year	70,071,689	-	41,111	70,113,373
Net assets, end of year	\$ 67,168,554	\$ -	\$ 41,111	\$ 67,209,665

	2017	2016
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 7,672,077	\$ (2,903,708)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,390,324	1,988,179
Amortization of intangible assets	290,405	240,476
Amortization of other assets	-	33,722
Bad debt expense	234,607	361,871
Loss on disposal of equipment	270,106	57,479
Net realized and unrealized gains on investments	(6,995,014)	(55,374)
Changes in assets and liabilities, net of effects of acquisition		
Accounts receivable, net	(454,043)	(1,225,515)
Prepaid expenses and other current assets	(1,406,701)	405,196
Inventory, net	116,131	(41,678)
Accounts payable	520,745	332,287
Deferred revenues	(1,207,135)	3,865,317
Other liabilities	334,523	(523,149)
Net cash provided by operating activities	766,025	2,535,103
<b>Cash flows from investing activities</b>		
Purchases of fixed assets, net	(2,448,225)	(2,381,170)
Acquisition of subsidiary, net of cash acquired	-	(6,651,000)
Purchases of intangible assets	(2,015,346)	-
Proceeds from the sale of investments	44,857,294	33,491,942
Purchases of investments	(42,591,899)	(28,818,972)
Net cash used in investing activities	(2,198,176)	(4,359,200)
<b>Cash flows from financing activities</b>		
Proceeds from draw on margin loan	8,500,000	-
Net cash provided by financing activities	8,500,000	-
Net change in cash and cash equivalents	7,067,849	(1,824,097)
Cash and cash equivalents, beginning of year	4,522,148	6,346,245
Cash and cash equivalents, end of year	\$ 11,589,997	\$ 4,522,148

## Note 1 - Organization

The Organization consists of ISACA, Inc. (the “Association” or “ISACA”), IT Governance Institute, Inc. (the “Institute” or “ITGI”), ISACA Enterprises, Inc. (“IEI”), and ISACA Global, Inc. (“IGI”). The Organization operates on a global basis, with the majority of revenues and net assets attributable to the Association, the predominant entity within the Organization. The Organization maintains its books and records at its headquarters building located in Rolling Meadows, Illinois, USA.

The Association was incorporated in 1969 under the name Electronic Data Processing Auditors Association, a California (USA) not-for-profit corporation. In 1993, to reflect the evolving state of technology, as well as the Association’s expanding constituency base, the name was changed to Information Systems Audit and Control Association, Inc. The Association now presents itself by its acronym, ISACA. With more than 135,000 members and 450,000 engaged professionals in more than 185 countries, ISACA is a leading global provider of knowledge, certifications, community, advocacy and education on information systems (“IS”) assurance and security, enterprise governance and management of Information Technology (“IT”), and IT-related risk and compliance. ISACA hosts international conferences, publishes the ISACA® *Journal*, and develops international IS auditing and control standards. ISACA also administers the globally respected Certified Information Systems Auditor (“CISA”), Certified Information Security Manager (“CISM”), Certified in the Governance of Enterprise IT (“CGEIT”), Certified in Risk and Information Systems Control (“CRISC”) and Cybersecurity Practitioner (“CSX-P”) designations. In addition, the Association supports development, update and education activities related to COBIT 5, a globally adopted business framework for governing and managing enterprise IT.

The Institute was incorporated in 1976 under the name Electronic Data Processing Auditors Foundation, a California (USA) not-for-profit corporation. In 1994, its name was changed to Information Systems Audit and Control Foundation, to align with the changed name of the Association, and was changed again in 2003 to IT Governance Institute, Inc. In 2013, ITGI was granted a Type II Supporting Organization status by the IRS, and is a Supporting Organization of the Association. The Institute’s role in the mission it shares with ISACA focuses on provision of knowledge on IT governance and related topics. Through its collaborative development model, the Institute brings global perspectives to critical issues facing enterprise leaders and practitioners in its IT governance responsibilities. The Institute’s financial statements are presented on a combined basis due to a majority of Board members serving both the Institute and the Association.

IEI was incorporated in 2016 as a Delaware for-profit C-corporation. The Association owns 100% of the interest in IEI. The purpose of IEI is to act as a holding company for acquisitions that expand ISACA’s reach and enhance its mission. Soon after its incorporation, on 1 March 2016, IEI acquired 100% of the interest in a for-profit entity, CMMI Institute, LLC (the “Company” or “CMMI”), located in Pittsburgh, PA. CMMI is the only subsidiary of IEI as of 31 December 2017. The Company is a global leader in the advancement of best practices in people, process, and technology. The Company provides the tools and support for organizations to benchmark their capabilities and build maturity by comparing their operations to best practices and identifying performance gaps. IEI’s and the Company’s financial statements

are presented on a consolidated basis.

IGI was incorporated in 2016 as a special purpose Delaware for-profit C-corporation. The Association owns 100% of the interest in IGI. The special purpose of this new subsidiary is to act as a flexible vehicle to establish entities in countries outside the United States to conduct business and other activities aimed at furthering ISACA’s mission in those countries while also providing the necessary protection of ISACA’s nonprofit tax status and its investable assets. On 12 April 2017, IGI received a business license for a new wholly foreign-owned enterprise (“WFOE”) in China, ISACA IT Technology (Beijing) Co., Ltd. The WFOE is 100% owned by IGI and is the only subsidiary of IGI as of 31 December 2017. The WFOE provides certain services to Chinese customers, including technology promotion, technology consulting, technology transfer and technical services of information security as well as corporate planning, marketing, and other business services. IGI’s financial statements are presented on a consolidated basis.

### Acquisition of CMMI

On 1 March 2016, IEI acquired 100% of the interest in CMMI from an unrelated party. IEI has accounted for this transaction under the acquisition method of accounting. The results of operations of CMMI have been included in the consolidated and combined financial statements. Transaction and acquisition fees in the amount of \$894,988 were expensed during 2016.

The following table summarizes the fair value of consideration transferred and recognized amounts of assets acquired and liabilities assumed in the acquisition:

Consideration	
Cash	\$ 7,300,000
Fair value of total consideration transferred	\$ 7,300,000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	\$ 649,000
Accounts receivable	2,264,000
Fixed assets, net	307,000
Intangible assets	3,781,000
Goodwill	1,324,000
Other assets	231,000
Accounts payable	(269,000)
Accrued expenses	(945,000)
Deferred revenue	(42,000)
Fair value of total assets acquired and liabilities assumed	\$ 7,300,000

Fair value is measured as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based determination that should be determined based on assumptions that market participants would use in pricing an asset or liability.

## Note 2 - Summary of significant accounting policies

### Basis of presentation

The consolidated and combined financial statements include the assets, liabilities, net assets and financial activities of the Organization. Significant intercompany balances have

been eliminated in consolidating and combining the entities. The Organization has a relationship with ISACA chapters located throughout the world; however, the chapters are not fiscally accountable to the Organization and, accordingly, have not been included in the accompanying consolidated and combined financial statements.

### **Use of estimates**

The preparation of the consolidated and combined financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Fair value**

Pursuant to the accounting guidance for fair value measurements and its subsequent updates, fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Organization considers the most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes observable requires significant judgment. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2** - Quoted prices, other than quoted prices included in Level 1, that are observable for the assets or liabilities, either directly or indirectly.
- Level 3** - Inputs that are unobservable for the assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

### **Concentration of credit risk**

Certain financial instruments, primarily cash, cash equivalents and investments, subject the Organization to credit risk. The Organization maintained cash balances (non-interest-bearing) in 2017 and 2016 at a financial institution in excess of the federally insured limit; however, the Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash and cash equivalents. With respect to investments, concentration is limited through the diversification of the portfolio. As of 31 December 2017 and 2016, the Organization maintained 11% and 12%, respectively, of its investment balance in one mutual fund, an actively managed enhanced cash strategy which invests primarily in high-quality money market instruments

and short-term fixed income securities, diversified across nearly 1,200 individual holdings. The fund may also invest in a wide range of non-money market securities, which tend to be less liquid, more volatile and carry greater risk than money market securities, and its investment objective can best be described as conservative income. In addition, as of 31 December 2017 the Organization maintained 22% of its investment balance in a single mutual fund, an index fund designed to replicate the performance of the S&P 500 index. As an index fund, its goal is to maintain a level of broad diversification consistent with its target index, whose constituent components include approximately 500 stocks capitalization weighted across a variety of industry sectors.

### **Cash and cash equivalents**

Cash and cash equivalents consist primarily of non-interest-bearing deposits with maturity dates of three months or less at the time of purchase to be used for operating purposes. These deposits are carried at cost, which approximates fair value.

### **Investments**

Investments, other than money market funds and interest-bearing deposits, are reflected in the accompanying consolidated and combined financial statements at fair value according to GAAP. Investment gains and losses include net realized and unrealized gains and losses and are reflected in the accompanying consolidated and combined financial statements as non-operating activities, while interest income and dividends are considered operating revenue.

### **Accounts receivable**

Accounts receivable are due within 30 days, or as otherwise agreed-upon, and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Organization determines its allowance for doubtful accounts by considering a number of factors, including the length of time that trade accounts receivable are past due, the Organization’s loss history, the customer’s current ability to pay its obligation to the Organization, and the condition of the general economy and the industry as a whole. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

### **Inventory**

Inventory consists of study aids and other publications printed for the Organization for sale to its members and interested outside parties. In addition, there are ISACA-branded materials held in the online storefront, available to its Chapters for purchase. Inventory is valued at the lower of cost or market, with cost determined by the average cost method. Provisions for obsolete items are based on estimated future usage as related to quantities of stock on hand.

### **Fixed assets**

Fixed assets are carried at cost. Depreciation is computed using the straight-line method. The estimated useful lives of the related assets range from two to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease terms or their estimated useful lives. Depreciation expense totaled \$1,390,324 and \$1,988,179 for the years ended 31 December 2017 and 2016, respectively.

### **Net assets**

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions using the following classifications:

**Unrestricted** - Represents unrestricted resources available for support of daily operations and contributions received with no donor restriction. The Board may designate certain net assets for a particular function or activity.

**Temporarily restricted** - Represents resources for which use has been temporarily restricted by the contributor. When a donor restriction has been satisfied by incurred expenses consistent with the designated purpose, temporarily restricted net assets are reclassified to unrestricted net assets for reporting of related expenses.

**Permanently restricted** - Represents resources that are subject to restrictions of gift instruments requiring that the principal be invested and maintained in perpetuity. The income generated from these funds is classified based on the terms of the gift instruments.

#### Deferred rent

For lease agreements that provide for predetermined fixed escalations of the minimum rent or free rent occupancy periods, the Organization recognizes rent expense on a straight-line basis over the non-cancelable lease term and option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. The lease term commences on the date that the Organization takes possession of or controls the physical use of the property.

#### Revenue recognition

Revenues received by the Organization consist primarily of annual membership dues and new member fees; examination, annual maintenance fees and other fees for CISA, CISM, CGEIT, CRISC and CSX-P programs; attendance fees for educational conferences; the sale of advertising space; charges for various publications; sponsorships and contributions; and license fees. Membership dues and annual maintenance fees for CISA, CISM, CGEIT and CRISC are recognized as revenue in the applicable period. New member fees are recorded in the period in which the membership application is processed, with chapter membership dues collected by the Association recorded as a liability until remitted to the chapters. The Organization recognizes unrestricted, restricted and endowment contributions in accordance with donor restrictions in the period in which the commitment for support is obtained, with other revenues being recognized in the period in which the goods or services are provided. Unearned dues, fees and subscriptions are classified as deferred revenues.

The Company generates revenue from six main sources: licensing fees, usage fees, industry support and consulting revenue, course and direct training revenue, product sponsorship, and conference attendance. The Company recognizes licensing fees related to materials provided for courses and services ratably over the term of the annual license agreement based upon each partner's anniversary date with the Company. Usage fees are recognized as the number of appraisals completed by licensed appraisers or the number of seats for courses taught by licensed instructors is reported from the partner community based on contractual rates. Industry support and consulting revenue is recognized as services are delivered. Revenue is recognized from courses and direct training at the completion of a direct training course or available delivery of an online course. Sponsorship revenue is recognized ratably over the term of the service agreement entered into with the sponsoring organization.

Conference attendance revenue is recognized upon completion of the hosted conference events. Revenue is recognized when persuasive evidence of an arrangement exists, ratable delivery has occurred, the fee is determinable, and collectability is probable.

#### Promotion and advertising costs

Promotion and advertising costs are expensed as incurred. Total promotion and advertising costs were \$6,277,347 and \$6,552,431 for the years ended 31 December 2017 and 2016, respectively.

### Note 3 - Investments

The following table presents information about the Organization's investments. Money market funds and interest-bearing deposits are stated at cost. Investments, which are based on quoted market prices in active markets and therefore classified as Level 1, include actively listed mutual funds and exchange-traded funds.

Investments at 31 December 2017 and 2016 consisted of the following:

	2017	2016
<b>Mutual funds</b>		
Large cap	\$ 17,045,493	\$ 6,746,901
Mid cap	1,635,969	1,304,485
Small cap	1,860,298	1,617,550
International	11,401,119	6,837,477
Fixed income	29,389,252	27,960,925
Alternatives	4,883,574	4,520,457
REIT	-	4,028,402
Money market	688,816	5,516,205
<b>Total mutual funds</b>	<b>\$ 66,904,521</b>	<b>58,532,402</b>

	2017	2016
<b>Exchange-traded funds</b>		
Large cap	-	6,955,629
Mid cap	609,483	506,709
Small cap	589,463	506,568
International	5,083,504	6,321,179
REIT	4,365,135	-
<b>Total exchange traded funds</b>	<b>10,647,585</b>	<b>14,290,085</b>
<b>Total investments</b>	<b>\$ 77,552,106</b>	<b>\$ 72,822,487</b>

The components of investments return for the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
Interest and dividends	\$ 1,823,613	\$ 2,522,091
Net realized and unrealized gains on investments	6,995,014	55,374
<b>Total investment return</b>	<b>\$ 8,818,627</b>	<b>\$ 2,577,465</b>

## Note 4 - Accounts receivable

Accounts receivable consist of the following at 31 December 2017 and 2016:

	2017	2016
Trade receivables	\$ 5,037,139	\$ 4,904,442
Less allowance for doubtful accounts	(179,165)	(265,904)
<b>Accounts receivable, net</b>	<b>\$ 4,857,974</b>	<b>\$ 4,638,538</b>

Changes in the Organization's allowance for doubtful accounts are as follows for the years ended 31 December 2017 and 2016:

	2017	2016
Beginning balance	\$ 265,904	\$ 13,800
Bad debt expense (recovery)	234,607	361,872
Accounts written off	(321,346)	(109,768)
<b>Ending balance</b>	<b>\$ 179,165</b>	<b>\$ 265,904</b>

## Note 5 - Intangible assets

The Company incurred new product development costs that were capitalized as of 31 December 2017. In connection with the prior year acquisition of the Company, certain intangible assets arose. Intangible assets as of 31 December 2017 and 2016 consist of the following:

	Amortization period	Gross carrying amount	Accumulated amortization	Net carrying amount as of 31 December 2017
Customer relationships	14 years	\$ 900,000	\$ (117,858)	\$ 782,142
Intellectual property	14 years	2,600,000	(340,476)	2,259,524
Trade names	7 years	270,000	(70,714)	199,286
Product development	5 years	2,015,346	-	2,015,346
		<b>\$ 5,785,346</b>	<b>\$ (529,048)</b>	<b>\$ 5,256,298</b>

	Amortization period	Gross carrying amount	Accumulated amortization	Net carrying amount as of 31 December 2016
Customer relationships	14 years	\$ 900,000	\$ (53,571)	\$ 846,429
Intellectual property	14 years	2,600,000	(154,762)	2,445,238
Trade names	7 years	270,000	(32,143)	237,857
		<b>\$ 3,770,000</b>	<b>\$ (240,476)</b>	<b>\$ 3,529,524</b>

Amortization expense was \$290,405 and \$240,476 for the years ended 31 December 2017 and 2016, respectively. Estimated amortization expense for each of the ensuing years through 31 December 2022 and thereafter is as follows:

Year	Amount
2018	\$ 590,873
2019	691,640
2020	691,640
2021	691,640
2022	691,640
Thereafter	1,898,865
<b>Total</b>	<b>\$ 5,256,298</b>

## Note 6 - Margin loan

During 2014, ISACA entered into a margin loan agreement with Charles Schwab, in which Charles Schwab agreed to loan funds to ISACA based upon its investment balance with Charles Schwab. In accordance with the agreement in place, ISACA can draw up to 35% of the investment balance, at an interest rate of one month LIBOR plus 0.75%. As of 31 December 2017, the interest rate charged was 2.31%, and the outstanding balance on the loan was \$8,500,000, which is included in other liabilities on the accompanying consolidated and combined statements of financial position.

## Note 7 - Board-designated net assets

The Association's Board of Directors and the Institute's Board of Trustees designate a portion of the Organization's unrestricted net assets for contingency purposes in order to protect the Organization against unforeseen global events and economic downturn. The designated amount based on a three-year average of operating expenses total \$47,245,570 as of 31 December 2017. As of 31 December 2016, the designated amount was \$43,821,432. These funds, while designated for the purposes noted above, are categorized within unrestricted net assets.

## Note 8 - Net assets released from restrictions

During 2017 and 2016, net assets were released from restrictions to satisfy the following purposes:

	2017	2016
Research	\$ -	\$ 573
COBIT	1,000	500
Cybersecurity	-	6,000
Endowment appropriation for expenditure	9	9
<b>Ending balance</b>	<b>\$ 1,009</b>	<b>\$ 7,082</b>

## Note 9 - Permanently restricted net assets

Permanently restricted net assets are restricted as investments in perpetuity. The Organization's endowment consists only of donor-restricted endowment funds. Net assets associated with the Organization's endowment funds are classified and reported based on the existence of donor-imposed restrictions. There are no donor restrictions on the earnings of the Organization's endowment funds.

The Organization accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, the Organization classifies the original value of the gifts donated to the permanent endowment as permanently restricted net assets. All earnings on the endowment funds are temporarily restricted until appropriated for current-year operating expenses as allowed by the donor.

As of 31 December 2017 and 2016, endowment assets include only those assets of donor-restricted funds that the Organization must hold in perpetuity. The Organization does not have any Board-designated endowment funds. The Organization's Finance Committee meets on a regular basis to ensure that the objectives of the Organization's investment policy are being met, and that the investment approach used to meet the objectives is in accordance with the investment policy approved by the Board of Directors. Under this policy, the endowment assets are invested in a manner that is intended to provide adequate liquidity and maximize returns on funds invested. Interest and dividends earned on endowment funds are appropriated for current-year operating expenses.

During 2017 and 2016, the Organization had the following endowment-related activities:

	Temporarily restricted endowment funds	Permanently restricted endowment funds	Total endowment funds
Endowment net assets, 1 January 2016	\$ -	\$ 41,111	\$ 41,111
Interest and dividends	9	-	9
Appropriation of endowment assets for expenditure	(9)	-	(9)
Total change in endowment net assets	-	-	-
Endowment net assets, 31 December 2016	-	41,111	41,111
Interest and dividends	9	-	9
Appropriation of endowment assets for expenditure	(9)	-	(9)
Total change in endowment net assets	-	-	-
<b>Endowment net assets, 31 December 2017</b>	<b>\$ -</b>	<b>\$ 41,111</b>	<b>\$ 41,111</b>

## Note 10 - Related-party transactions

As a service to the chapters, the Association includes the amount of individual chapter dues with its annual billing and remits to the chapters amounts collected on their behalf. The balances of \$2,555,275 and \$2,708,482 at 31 December 2017 and 2016, respectively, are reflected in accounts payable and accrued expenses and represent the unremitted portion of dues collected for individual chapters. During 2017, chapter dues collected and remitted totaled \$4,428,042 and \$4,581,249, respectively. During 2016, dues collected and remitted totaled \$5,134,465 and \$4,801,395, respectively.

## Note 11 - Leases

The Association has an office facility operating lease, which requires monthly payments comprised of rent, property taxes, pro rata share of common operating expenses and insurance. On 21 July 2014, the Association signed an amendment to the lease agreement, which went into effect on 1 April 2015. The lease term was extended through 30 November 2022 with an option to terminate the lease on 31 July 2018 as long as written notice was provided to its Landlord by 1 August 2017. On 13 October 2016, the Association signed an amendment to the lease agreement for additional space in the building which went into effect 1 November 2016. On 20 July 2017, the Association provided written notice to its Landlord exercising its right to terminate its lease effective 31 July 2018. The Association entered into a new lease agreement with a different Landlord which will have its first monthly payment on 1 April 2019. The Association also rents office equipment under two non-cancelable capital leases and one non-cancelable operational lease with initial lease terms in excess of one year, the liability for which is included in accounts payable and accrued expenses in the statements of financial position.

The Company entered into a non-cancelable operating lease commencing on 1 October 2012 for office space with a term ending 30 November 2018. In connection with the lease, the Company incurred certain leasehold improvement costs that are included in office equipment and are being amortized over the shorter of the lease term or the estimated useful life of the improvements, which range from six to ten years.

Rent expenses under these leases for the years ended 31 December 2017 and 2016 totaled \$1,102,504 and \$923,946, respectively.

As of 31 December 2017, the minimum future rentals payable for the next five years and thereafter under these non-cancelable lease commitments are as follows:

Years ending 31 December	Office equipment	Facility	Total
2018	\$ 27,700	\$ 1,391,020	\$ 1,418,720
2019	27,700	688,300	716,000
2020	17,800	934,700	952,500
2021	-	957,400	957,400
2022	-	980,000	980,000
Thereafter	-	6,636,400	6,636,400
	<b>\$ 73,200</b>	<b>\$11,587,820</b>	<b>\$ 11,661,020</b>

## Note 12 - Income taxes

The Association and the Institute have received favorable determination letters from the Internal Revenue Service stating that they are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 ("IRC"), as organizations described in Sections 501(c)(6) and 501(c)(3), respectively, except for income taxes pertaining to unrelated business income. Management has determined that there are no material uncertain positions that require recognition in the financial statements. As of 31 December 2017, the Association and the Institute did not recognize any interest or penalties associated with tax matters.

IEI accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. As of 31 December 2017 and 2016, IEI has deferred taxes of approximately \$112,000 and \$333,000, respectively, which arise primarily from net operating loss carryforwards for federal and state income tax purposes of approximately \$285,000 and \$850,000, respectively. Due to the uncertainty of the realization of the deferred tax assets, a full valuation allowance has been provided.

The Company is organized as a single member limited liability company and, as such, is treated as a partnership for federal and state income tax purposes. A partnership is not a tax paying entity for federal or state income tax purposes. Income or loss of a limited liability company is reported in the individual income tax returns of its member, IEI.

The Association's, the Institute's, and the Company's federal and state income tax returns prior to 2014 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

### **Note 13 - Employee benefit plan**

The Association and the Company maintain a defined contribution retirement plan for qualified employees. Participation in the plan is optional. The Association will match the first 5% contributed by the employee. The contributions to the plan for the years ended 31 December 2017 and 2016 were \$1,087,561 and \$1,049,391, respectively.

### **Note 14 - Disaster relief contribution**

During 2017, ISACA chapters, members, CISAs, CISM, CGEITs and CRISCs were affected by local disaster. Given the long-time support of these chapters, members and certified individuals, the Association contributed \$10,000 in 2017 to the American Red Cross on behalf of those affected by hurricane Harvey that devastated the southern region of the United States. No contributions were made to disaster reliefs in 2016.

### **Note 15 - Contingencies**

ISACA is engaged in an arbitration claim that is pending, related to a revenue-sharing agreement entered into during 2014. At 31 December 2017, based on information received from the law firm representing ISACA in this matter, no reasonable estimate of liability, if any, can be assessed at this time.

### **Note 16 - Subsequent events**

The Organization evaluated subsequent events through 23 April 2018, the date that the consolidated and combined financial statements were available to be issued. The Organization is not aware of any subsequent events other than noted below that would require recognition or disclosure in the consolidated and combined financial statements.