

IN PURSUIT OF DIGITAL TRUST

ISACA's Digital Trust Vision
Connects IT Disciplines for Greater Impact



ISACA®

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“ISACA’s emphasis on digital trust helps to bring order to a technological world that is becoming increasingly chaotic.

The work we are doing through ISACA’s One In Tech foundation allows us to create skilled guardians that can defend our cyber landscape while also connecting underrepresented groups with life-changing opportunities to thrive in the digital trust workforce.”

SUSHILA NAIR, VP, CYBERSECURITY SERVICES,
CAPGEMINI





About ISACA®

For more than 50 years, ISACA® (www.isaca.org) has equipped individuals and enterprises with the knowledge, credentials, education, training and community to progress their careers, transform their organizations, and build a more trusted and ethical digital world. ISACA leverages the expertise of its more than 169,000 members who work in digital trust fields such as information security, governance, assurance, risk, privacy and quality, with a presence in 188 countries, including 225 chapters worldwide. Through its foundation One In Tech, ISACA supports IT education and career pathways for underresourced and underrepresented populations.

TWITTER

twitter.com/ISACANews

LINKEDIN

linkedin.com/company/isaca

FACEBOOK

facebook.com/ISACAGlobal

INSTAGRAM

instagram.com/isacanews/

169,000⁺

ISACA MEMBERS AT END
OF 2022

225

GLOBAL ISACA CHAPTERS

330,000⁺

ISACA CERTIFICATIONS
ISSUED TO DATE



Delivering on our **DIGITAL TRUST VISION**



TRACEY DEDRICK, ISACA INTERIM CEO

PAM NIGRO, ISACA BOARD CHAIR

Technology is recalibrating the way we live and work in remarkable fashion, and we saw plenty of examples in 2022.

Innovative tools such as ChatGPT demonstrated the powerful ways in which artificial intelligence is advancing. A new proof of stake breakthrough allowed for improved verifications of cryptocurrency transactions. Multiple automaking companies made major progress in maturing long-awaited self-driving capabilities. The list goes on, with major technology-driven breakthroughs creating new possibilities across healthcare, finance, manufacturing and, very likely, whichever industry you most closely monitor.

These developments are incredible but also pose new challenges. With so much change occurring so quickly, it is no surprise that confidence is lacking throughout much of our digital ecosystem. Building digital trust is no small task, but it is a crucial one – not just for companies and governments around the world, but for society as a whole. That is why, as you will read in the pages of this annual report, ISACA is focused not only on a starting a conversation around digital trust, but on equipping our global community with the tools and resources they need to collectively deliver it.

Digital trust requires extensive collaboration among experts in areas such as security, privacy, risk, assurance, governance and emerging technology, and ISACA's community brings all these disciplines together on a global scale. In our 50-plus year history, ISACA members have earned credibility as leaders in providing assurance and security over the evolving technology landscape, and those capabilities are needed now more than ever to patch the holes that imperil our digital ecosystem.

If you haven't yet visited www.isaca.org/digital-trust, we urge you to do so. Take advantage of the resources we developed in 2022 – webinars, white papers, reports, online courses, videos and other knowledge resources – and watch for more in the year to come, including the Digital Trust Ecosystem Framework, an important investment for our professional community.

Our ongoing pursuit of digital trust requires a robust community of professionals – a community we continued to grow in 2022. ISACA finished the year with nearly 170,000 members after adding more than 33,000 new members. And we're not

just growing our community with new people, but also with new opportunities.

Additionally, in 2022 ISACA surpassed 300,000 certifications issued, an all-time high for our professional community. Think of the career-transforming impact these credentials have made in so many people's lives and, in turn, the difference ISACA-certified professionals have been able to make for their companies. We recognize how much our lifelong learners rely on us for valuable, relevant credentials, which is why we continue to explore new opportunities to meet our professional community's needs, such as the IT Audit Fundamentals Certificate we debuted in 2022. And there are so many other learning opportunities to seize beyond credentials. ISACA's community surfaces a wealth of knowledge each year in the form of conference sessions, webinars, white papers, Journal articles, blogs and more – consume them and keep consuming them, because there is always more to learn from one another.

Companies around the world recognize the value of these trainings



and credentials. In late 2022, ISACA, in partnership with the Caterpillar Foundation, began a new initiative to train students in both Brazil and the United States on ISACA credentials.

Even as ISACA continues to support individual digital trust professionals' career progression, we also are making meaningful strides in empowering organizations to be at their best. In 2022, the Voluntary Improvement Program (VIP), leveraging ISACA's Medical Device Discovery Appraisal Program (MDDAP), became the first Case for Quality initiative recognized by the US Food and Drug Administration (FDA). Organizations are achieving stronger performance through the use of ISACA Capability Maturity Model Integrations (CMMI) models; more than 4,500 CMMI appraisals were delivered for the year. And ISACA's growing enterprise training program is helping teams keep pace with the convergence of challenges that are reshaping the regulatory, threat and business continuity landscapes.

Another of the highlights of 2022 was the addition of our ISACA Mentorship

Program, which in its early months attracted more than 1,800 participants representing 115 countries. That's a great start. ISACA members have so much to offer one another in sharing career experiences and best practices, and this will be a great way for the community to connect and strengthen the digital trust fields. ISACA members' spirit of volunteerism and willingness to give their time never fails to inspire, as further displayed during our fourth annual CommuniTy Day. If you ever need a smile, do a social media search for #ISACACommuniTyDay on the first weekend of October, and you'll see a global community that is committed to making the world a better place – in 2022, to the tune of more than 10,000 hours spent giving back to local communities.

Although we are making great progress, there is much more to be done. We did a lot of listening in 2022, conducting a series of regional meetings with ISACA members across the globe. A new set of volunteer bodies has been established, namely the Strategic Advisory Councils in each region, in order to tailor our global strategy into

regional ones, in collaboration with chapter representatives in each region. These conversations reinforced that there are many opportunities to work together to solve problems and enhance our community. While many challenges are common across the digital trust professions, we recognize there are also distinctions that are important to each of our 225 local chapters. We opened a new European office in Ireland in 2022 and are making important advocacy headway with governments around the world as we strive to be a global organization that is present and responsive to all of our members' needs.

We are heading down a promising path of becoming the global leader in digital trust. Everything that we have accomplished so far – and that we will achieve going forward – is a credit to the passion and expertise of the ISACA community. All of your contributions to our community are appreciated, needed and making a difference. While none of us can exactly predict the future, we know there will be more volatility to navigate like we experienced in 2022, and with it, more opportunity for ISACA members' trusted expertise to shine.

1/2: ISACA's annual CommuniTy Day of volunteering resulted in more than 10,000 volunteer hours from more than 2,000 volunteer activities.

Meet the ISACA BOARD OF DIRECTORS



CHAIR

Pamela (Pam) Nigro

CRMA, CISA, CGEIT, CRISC, CDPSE

Vice President of Security and Security Officer at Medecision



VICE CHAIR

John De Santis

Technology Executive and Past Chairman and CEO of HyTrust

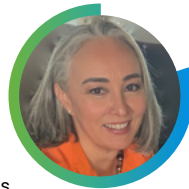


DIRECTOR

Niel Harper

CDPSE, CRISC, CISA, CISSP

Technology and Cybersecurity Executive, and Former Chief Information Security Officer and Data Privacy Officer at the United Nations Office for Project Services



DIRECTOR

Gabriela Hernández-Cardoso

Lawyer and Past President and CEO of GE Mexico



DIRECTOR

Maureen O'Connell, NACD.DC

Finance and Education Executive, and Past Executive Vice President and CFO of Scholastic Corp.



DIRECTOR

Veronica N. Rose, CISA, CDPSE

IT Audit Manager at KPMG East Africa



DIRECTOR

Gerrard Schmid

Former President and CEO of Diebold Nixdorf



DIRECTOR

Asaf Weisberg

CSX-P, CISM, CRISC, CISA, CGEIT

Founder and CEO of introSight



DIRECTOR, 2021-2022 ISACA BOARD CHAIR

Gregory J. Touhill

CISM, CISSP, Brigadier General (ret)

Director of CERT Division of Carnegie Mellon University's Software Engineering Institute



DIRECTOR, 2020-2021 ISACA BOARD CHAIR

Tracey Dedrick

Interim ISACA CEO



DIRECTOR, 2019-2020 ISACA BOARD CHAIR

Brennan P. Baybeck

CISA, CISM, CRISC, CISSP

SVP & CISO for Customer Services at Oracle Corporation



DIRECTOR, 2018-2019 ISACA BOARD CHAIR

Rob Clyde, CISM, NACD.DC,

NACD Board Leadership Fellow

Executive Chair of the Board of Directors, White Cloud Security, and Managing Director, Clyde Consulting LLC

[LEARN MORE >](#)

Find out more about the ISACA Board of Directors and its roles and responsibilities

Meet the ISACA Leadership Team



INTERIM CEO

Tracey Dedrick



CHIEF OF STAFF

Ajay Barot*



CHIEF GLOBAL STRATEGY OFFICER

Chris Dimitriadis



SENIOR VICE PRESIDENT
OF PUBLISHING

Shannon Donahue*



CHIEF MARKETING AND
MEMBERSHIP OFFICER

Julia Kanouse



CHIEF FINANCIAL OFFICER

Thomas Kyei-Boateng



CHIEF OPERATING OFFICER

Simona Rollinson



SENIOR VICE PRESIDENT OF
PEOPLE AND CULTURE

Meeghan Ward Creeden*

**Newly added to the leadership team in 2022*

Tracey Dedrick Named Interim ISACA CEO

ISACA Board Director Tracey Dedrick was appointed by the Board as interim CEO in December 2022. Dedrick is a long-time ISACA member and a former Board Chair and a current Board member, who knows both ISACA's operations and culture well. She replaces former ISACA CEO David Samuelson. The search for a permanent CEO began immediately.

"The entire ISACA Board of Directors and I would like to thank David for all his contributions to the ISACA organization and community," said Pam Nigro, ISACA Board Chair.

Added Samuelson: "I am very proud of the work we have accomplished since I joined ISACA. We have a bold vision for the future, and we have a renewed culture that respects diversity and inclusion, to ensure our future success."

Dedrick also serves on the board of First Bancorp Puerto Rico and is Lead Director of Sterling Bancorp. Dedrick was EVP and Head of ERM for Santander Holdings US, where she was responsible for enterprise risk, operational risk and market risk for the Americas. Prior to this role, she was EVP, Chief Risk Officer and a member of the executive team for Hudson City Bancorp, where she built regulatory compliant risk, compliance and information security functions.

Dedrick will continue to progress ISACA's digital trust initiative, which launched in earnest earlier in 2022.

"ISACA's mission of digital trust is as relevant as ever," Nigro said. "With the continued support of our staff and members, during this transition, our global community will continue to collaborate to help individuals, enterprises and governments realize the positive potential of technology in our digital world."



ISACA Plants Flag as **DIGITAL TRUST LEADER**

In 2022, ISACA signaled a firm commitment to be the global leader in digital trust.

By defining digital trust, conveying why its pursuit should be at the forefront of enterprises' strategies, conducting global research about related obstacles and opportunities, and developing impactful digital trust tools and knowledge resources, ISACA's new vision came into focus.

Creating digital trust, defined by ISACA as "the confidence in the integrity of the relationships, interactions and transactions among providers and consumers within an associated digital ecosystem," is the primary enabler of modern-day business success and a healthy digital space.

"It is absolutely critical for digital trust to be woven into the fabric of any enterprise—to avoid harmful security and privacy incidents, strengthen relationships with consumers, and advance reputation and the bottom line," Mark Thomas, president, Escoute Consulting, said in a May announcement publicizing an ISACA white paper, *Digital Trust: A Modern-Day Imperative*. "Professionals who work in security, audit, governance, risk or privacy all play an essential role in driving digital trust forward, so it is vital that each understands their part in establishing, evaluating, adjusting and

implementing digital trust practices within their organizations."

Here are some of the ways ISACA brought to life its digital trust vision in 2022:

- ISACA developed the Digital Trust Ecosystem Framework (DTEF) to provide guidance on the components of digital trust and how to apply it within an organization. In developing the framework, ISACA made an exposure draft available for review and comment, and utilized an outpouring of input from its global community to address gaps and

1: ISACA staff and volunteers gathered in December for a digital trust privacy workshop.

2: Digital trust was a popular topic of conversation at ISACA conferences in 2022, including this panel discussion at ISACA Conference North America in New Orleans featuring ISACA staff and board directors.

make refinements. A sneak peek of the DTEF was provided in a September webinar exclusively available to members.

- An “Introduction to Digital Trust” self-paced, online course explored the definition, value and foundations of digital trust to help learners better understand how technology fully impacts their daily lives and the enterprises they support.
- ISACA surveyed digital trust professionals worldwide and released its findings in September through its first State of Digital Trust report. The report featured data on top benefits of digital trust, obstacles to achieving it, how it is measured, the consequences of a lack of trust, and who in the organization is responsible for its oversight. The State of Digital Trust report was featured on ISACA’s website and shared widely with global

media outlets, contributing to more than 2,100 global media mentions for the year that highlighted ISACA and its new digital trust initiative.

- A new digital trust webpage, www.isaca.org/digital-trust, served as a hub for ISACA’s digital trust resources: videos, a white paper, blog and article content, an e-book, online course and more.
- Planning in late 2022 set the stage for a reimagined, digital trust-focused global conference strategy for ISACA that was publicly announced in early 2023, with digital trust-focused events planned in the United States, Europe and virtually.
- A Digital Trust Member Storytelling Series featured written and video stories that showcased ISACA members as digital trust leaders.

See excerpts from these member stories below.



A social event at ISACA Conference North America in New Orleans included games, bowling, food, drinks and networking.

Digital Trust Member Storytelling



**Varun
Prasad**

In his current third-party attestation role, Varun Prasad works with tech companies of varying sizes and complexities, from rising startups to large multinational corporations, to help build digital trust by addressing the security and privacy compliance requirements of customers and other stakeholders.

Prasad said he fell into IT audit “by accident,” having completed his university studies just as the US Sarbanes-Oxley Act (SOX) created a major need for IT auditors, a field he knew little about until an internship introduced him to the profession.

“I wanted to be in the technology space, but I didn’t want to do the coding or system architect or ops kind of roles,” Prasad said. “I found IT audit very appealing and intriguing because it required me to be both creative and outside the box, and also think logically. I’ve always been curious. I ask a lot of questions when I speak with my friends. Sometimes they even say, ‘This guy asks a lot of questions,’ so it sort of matched some of my natural traits and allowed me to do something within the technology space that was new and very interesting.”

Digital Trust Member Storytelling (CONT.)



Priya Mouli

To address the biggest challenges in the technology field, Priya Mouli thinks a key element of advancing digital trust is more collaboration and cooperation among the public and private sectors, and industry entities.

Without a shared sense of purpose between entities such as academia, cross-industry communities and regulatory bodies, and having representatives from the public to account for what good data governance is from a customer standpoint, the problems in fields such as privacy and information security will only worsen, she said.

"Collaboration is where I think we need to move the needle faster, before it's too late," she said.



Osama Abbas

Just as Osama Abbas has to trust the mechanics of his aircraft as he guides his flights at high rates of speed, the modern business world calls for trust-centered solutions in his areas of professional expertise: audit, risk, governance and security.

There is overlap between Abbas' professional life and his passion of piloting lightweight aircraft in the skies above Jordan and UAE, with the need for strong trust among the common denominators.

Only one of those activities, though, comes with spectacular views.

"Aviation, for me, is my main key of happiness," Abbas said. "The moment I take off, I feel like I own the sky and definitely enjoy the unbeatable views."



Mea Clift

Yes, Mea Clift has a collection of more than 80 vintage sewing machines. Yes, there was a year in which she spent 30 weekends a year traveling to participate in historical re-enactments – most notably in character as an 18th century surgeon. Yes, she is a frequent dog adopter. And yes, she finds time for her many hobbies despite a demanding role as the lone dedicated cybersecurity professional for her company.

"I don't do anything half-way," Clift said. "They call me a force of nature in footie pajamas because I get very giddy and kid-like when I'm learning something new, but I'm also very much a force of nature because I don't do anything halfway. I get into greyhound adoption, and I don't just adopt one, I adopt four. I quilt, and I do it by hand, and then I don't just get one sewing machine, I end up with a massive collection of sewing machines. I put both feet in whenever I do something because life is too short to not."

I put both feet in whenever I do something because life is too short to not."

Clift, an ISACA member who resides in Minnesota, USA, also applies that mindset to her professional life. She is evangelizing the concept of digital trust at her company, Woodard & Curran, a water management and civil engineering company at which she serves as cybersecurity program manager.



2022 Highlights

What else did the ISACA community accomplish in 2022? Let's have a look!

Enhancing Our Community

- More than 33,000 new members joined ISACA. At year-end, ISACA's global membership exceeded 169,000.
- ISACA's new Mentorship Program included participation from 986 mentors and 844 mentees, representing 115 different countries.

- New Member Exclusive Speaker Series resulted in 96 percent of attendees agreeing that the program added value to their membership.
- ISACA's fourth annual CommuniTy Day of volunteering in October led to more than 10,000 hours spent giving back to local communities.
- Through the year, nearly 1,700 unique ISACA volunteers filled more than 2,400 global volunteer roles.
- New users on the ISACA website increased by 54 percent from the previous year.
- ISACA sponsored ENISA's first International Cybersecurity Challenge in Athens, Greece, where young people from across the globe competed in challenges, raising awareness of cybersecurity training and education

- The weekly @ISACA newsletter, designed to meet members' needs for CPE opportunities, timely content and important updates, won the ASAE Gold Circle Award for Best Association Newsletter.

Always Learning

- ISACA surpassed the 300,000 certifications issued milestone, including all certifications issued for CISA, CISM, CGEIT, CRISC and CDPSE.
- The new IT Audit Fundamentals Certificate debuted with an exam, study guide and online course, empowering early-career professionals and those looking to change careers to IT audit insight into the principles of IT audit.
- The *ISACA Journal* celebrated its 50th anniversary with more articles published than ever before, as well as a record number of articles translated.



- 1: A gala honoring ISACA Awards winners coincided with the ISACA Conference North America in New Orleans.
- 2: A New Orleans-style choir performance entertained the ISACA Conference North America 2022 crowd.
- 3: ISACA staff members, who largely have worked remotely since the beginning of the COVID-19 pandemic, came together for an in-person summer workshop and social event in August.

- Event attendees had the opportunity to gather face-to-face for the first time since 2019, with hybrid events in North America and Europe. Virtual ISACA conferences took place for Africa, Asia, Latin America and Oceania.
- Member benefits included 38 free webinars in 2022, with a 96 percent overall satisfaction score among attendees.
- ISACA published 14 white papers, four audit programs and three toolkits.
- The CMMI Safety and Security Certificate exam was launched.
- ISACA's Exam Fraud Program matured with the addition of a web monitoring program and enrichment of the data forensic program.

Strengthening the Enterprise Landscape

- The Case for Quality (CfQ) Voluntary Improvement Program (VIP), leveraging ISACA's Medical Device Discovery Appraisal Program

(MDDAP), became the first Case for Quality initiative recognized by the US Food and Drug Administration (FDA).

- More than 100 facilities in 23 companies enrolled in MDDAP.
- 4,500 CMMI appraisals were delivered, a 10 percent year-over-year increase.
- Enterprise Direct trainings grew by 27 percent, allowing organizations to keep their teams attuned to the evolving business landscape.
- 25 new Accredited Training Organizations (ATOs) came aboard, increasing global coverage and helping ISACA learners become more confident in their ability to pass certification exams.
- ISACA contributed to the European Cybersecurity Skills Framework as developed and published by ENISA, provided comments on new EU regulations and contributed as a member of the UK Cybersecurity Council.



ISACA staff and volunteers visited Capitol Hill in Washington, D.C., in September to advocate for fully funded civilian cybersecurity training programs.



"As a CMMI appraiser in the Medical Device Discovery Appraisal Program, I see the impact of digital advancements in the medical device industry and work with manufacturers to improve the creation and delivery of those technologies. **Our appraisals aim to identify where processes can be improved so that trusted, life-saving treatments can reach patients faster and more reliably.** With this in mind, we don't approach these appraisals like another 'check the box' audit, but rather an activity that allows organizations to provide products and solutions to people that impact their lives."

GEORGE ZACK, PRINCIPAL AND CO-FOUNDER OF TWO HARBORS CONSULTING, LLC, AND AN MDDAP APPRAISER



ONE IN TECH[™] FOUNDATION HIGHLIGHTS

ISACA's One In Tech foundation, which provides underrepresented individuals with opportunities to enter cyber professions and support the advancement of untapped talent into leadership positions, increased engagement with chapters and members throughout 2022, while making especially notable progress in further establishing its growing scholarship program.

"The One In Tech scholarships are absolutely critical to being able to help diverse candidates find a place within cybersecurity," said Sushila Nair, VP, cybersecurity services, Capgemini. "This problem around the cybersecurity talent pipeline is not going to solve itself. Business, corporations, have to lean in."

Among One In Tech's highlights from the year:

- Provided over US \$500,000 through 134 academic scholarships around the world, enabling learners to begin and continue their cybersecurity educations
- Collaborated with more than 75 chapters, corporations and nonprofit organizations for expanded global impact
- Awarded 75 professional development scholarships to women to build and advance their careers
- Engaged with nearly 8,000 women through SheLeadsTech activities, resources and events, and conducted more than 150 events under the SheLeadsTech banner
- Served people in more than 85 countries with resources, activities and career pipelines

Belinda Enoma (left), a SheLeadsTech champion and founder of iStart and Finish, shares the stage with One In Tech Senior Program Manager Hollee Mangrum-Willis at ISACA Conference North America 2022 in New Orleans, where they discussed authentic allyship and intentional leadership.



1



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A Growing EUROPEAN PRESENCE

2022 marked a year of expanded ISACA presence in Europe. From opening a European office based in Ireland, to growing advocacy impact in the EU and the UK, to developing a free Student Membership pilot program in Europe, it was a year that underscored ISACA's commitment to a strong presence for its 45 European chapters. Additionally, several in-person events were conducted in the region, including ISACA Conference Europe 2022 in Rome, Italy.

1/2: In September, ISACA expanded its presence in Europe with the opening of a new office in Dublin – its first European office.

3: The ISACA Lisbon Chapter hosted an event focused on digital trust.

4: Chapter leaders gathered for discussions with ISACA staff at ISACA Conference Europe 2022.

5: Attendees enjoy themselves at ISACA Conference Europe 2022, which took place in Rome, Italy, in October.

6: A performance by The Three Tenors helped set the mood at ISACA Conference Europe 2022.

7: Members of the ISACA Kyiv Chapter (pictured before the invasion) experienced tremendous hardship after Ukraine was attacked in February 2022. Kyiv Chapter members received an outpouring of support during the year from ISACA's global community. [Find out more in this video, "ISACA: Community. Resilience."](#)



7

Finance 2022

In 2022, ISACA achieved record revenue, surpassing \$100 million in annual revenue for the first time in its history. ISACA experienced revenue growth primarily in enterprise assessments, with a slight uptick in conferences and events as they rebounded from pandemic lows. Our core programs, including credentials, membership, and frameworks, held steady as we offset the one-time impact of CDPSE grandfathering revenue in 2021 with growth in our flagship products – CISA and CISM.

During 2022 ISACA continued to invest in member experience, new products, and our future vision of digital trust. We also began our global impact strategy with a new permanent presence in Ireland to better support our European members and be closer to key European partners in digital trust.

ISACA maintained a positive cash balance throughout the year and was able to utilize its cash positive flow to support its operating and investing activities. ISACA did not draw on its investments or leverage any credit facilities throughout the year. ISACA

continues to hold a substantial investment portfolio that allows the organization to position itself for operational sustainability and capitalize on strategic growth opportunities. Since 2022 was a difficult year for financial markets, ISACA's portfolio incurred an unrealized loss of \$14.9 million, but received interest and dividend earnings of \$3.0 million. The balance of our investment portfolio as of 31 December 2022 was \$92.6 million.

ISACA's net assets at the end of 2022 were \$95.9 million, a decline from 2021

due to the adverse performance of our investment portfolio already mentioned and the year's operational performance. \$54.1 million of our net assets is denoted as strategic reserves for future growth opportunities and other member-related activities.

The 2022 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 2023 and beyond.



Committee Chair's Letter

The Audit & Risk Committee of the Board of Directors (the Board) of ISACA, Inc., ISACA Global, Inc. (IGI), ISACA Europe Limited, and One In Tech, an ISACA Foundation, together hereinafter referred to as (the "Organization"), oversees the Organization's financial reporting process on behalf of the Board, and is composed of four 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.



MAUREEN O'CONNELL
CHAIR, AUDIT COMMITTEE

Management Report on Responsibility for

Financial Reporting

The management of ISACA, Inc., ISACA Global, Inc. (IGI), ISACA Europe Limited, and One In Tech, an ISACA Foundation, together hereinafter referred to as (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 2022 have been audited by Crowe LLP, independent certified public accountants, elected by the Board of Directors (the Board). Management has made available to Crowe 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 Crowe 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.

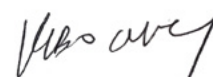
There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement 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 2022, 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, Crowe LLP obtained 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. Management and Crowe LLP have discussed the internal controls with the Audit & Risk Committee as part of the committee's acceptance of the financial statements. The Board, operating through its Audit & Risk Committee, which is composed entirely of members who are not officers or employees of the Organization, provides oversight to the financial reporting process.



TRACEY DEDRICK
ISACA INTERIM CEO



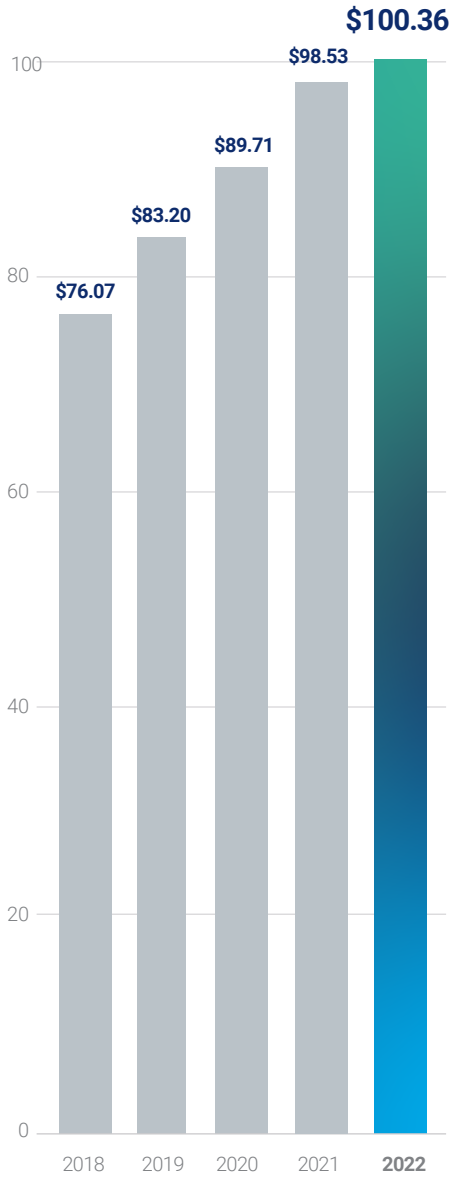
THOMAS KYEI-BOATENG
CHIEF FINANCIAL OFFICER

Consolidated and Combined Financial Statements

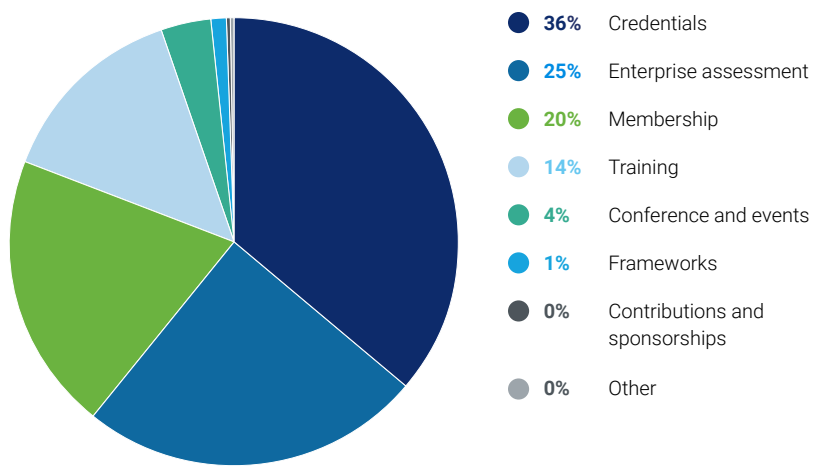
All monetary amounts included in the financial statements are in US dollars.

HISTORICAL REVENUES

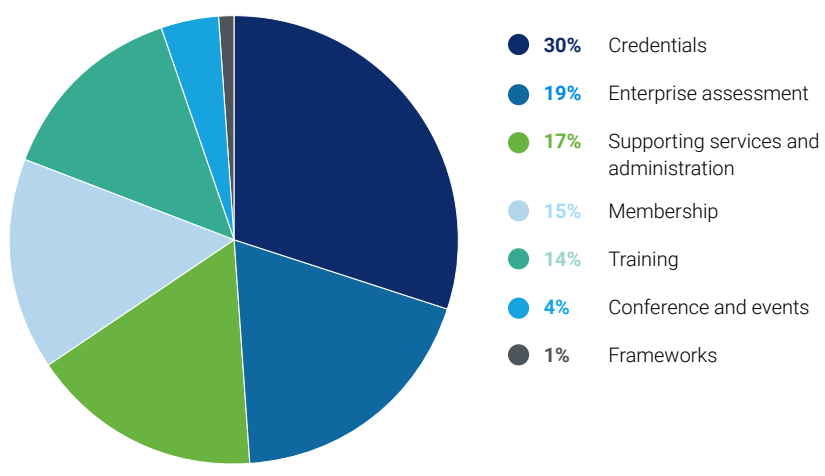
(in millions of US dollars)



2022 OPERATING REVENUES



2022 OPERATING EXPENSES



Independent Auditor's Report

THE BOARD OF DIRECTORS

ISACA, Inc. and Affiliates

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 2022 and 2021, and the related consolidated and combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated and combined financial statements present fairly, in all material respects, the consolidated and combined financial position of ISACA, Inc. and Affiliates as of 31 December 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated and combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year from the date the consolidated and combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated and combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated and combined financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


C rowe LLP
CROWE LLP

Chicago, Illinois
31 March 2023

ISACA, INC. AND AFFILIATES

CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL POSITION

31 December 2022 and 2021

ASSETS

| | 2022 | 2021 |
|---------------------------------------|-----------------------|-----------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 25,402,536 | \$ 26,229,100 |
| Investments | 92,561,472 | 105,008,600 |
| Accounts receivable, net | 15,580,888 | 13,149,917 |
| Prepaid expenses | 2,818,390 | 2,621,403 |
| Inventory, net | 728,534 | 615,084 |
| Other current assets | 1,006,846 | 1,501,660 |
| Total current assets | 138,098,666 | 149,125,764 |
| Fixed assets | | |
| Leasehold improvements | 1,105,369 | 1,105,369 |
| Right of use asset - operating leases | 6,344,067 | 6,641,369 |
| Furniture and fixtures | 2,198,264 | 2,198,539 |
| Office equipment | 67,233 | 59,747 |
| Computer system | 18,227,458 | 15,534,328 |
| | 27,942,391 | 25,539,352 |
| Less accumulated depreciation | (16,321,275) | (13,586,106) |
| Net fixed assets | 11,621,116 | 11,953,246 |
| Other assets | | |
| Goodwill | 1,324,000 | 1,324,000 |
| Intangible assets, net | 2,938,177 | 3,988,477 |
| Total other assets | 4,262,177 | 5,312,477 |
| Total assets | \$ 153,981,959 | \$ 166,391,487 |

LIABILITIES AND NET ASSETS

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 23,913,727 | \$ 22,103,995 |
| Deferred revenues | 26,722,206 | 20,824,641 |
| Operating lease liability, current | 1,109,219 | 1,021,820 |
| Other liabilities | 3,497 | 0 |
| Total current liabilities | 51,748,649 | 43,950,456 |
| Long-term liabilities | | |
| Operating lease liability, net of current | 6,379,448 | 6,761,745 |
| Total long-term liabilities | 6,379,448 | 6,761,745 |
| Total liabilities | 58,128,097 | 50,712,201 |
| Commitments and contingencies | | |
| Net assets | | |
| Without donor restrictions | | |
| Board designated | 41,794,104 | 34,578,933 |
| Undesignated | 54,059,758 | 81,059,242 |
| Total without donor restrictions | 95,853,862 | 115,638,175 |
| With donor restrictions | – | 41,111 |
| Total net assets | 95,853,862 | 115,679,286 |
| Total liabilities and net assets | \$ 153,981,959 | \$ 166,391,487 |

ISACA, INC. AND AFFILIATES

CONSOLIDATED AND COMBINED STATEMENTS OF ACTIVITIES

Year Ended 31 December 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------|-------------------------|----------------------|
| Operating revenues | | | |
| Credentials | \$ 36,432,012 | \$ - | \$ 36,432,012 |
| Training | 13,858,028 | - | 13,858,028 |
| Enterprise assessment | 24,662,757 | - | 24,662,757 |
| Frameworks | 1,138,807 | - | 1,138,807 |
| Membership | 20,226,423 | - | 20,226,423 |
| Conference and events | 3,690,373 | - | 3,690,373 |
| Contributions | 119,117 | - | 119,117 |
| Other | 235,032 | - | 235,032 |
| Net assets released from restrictions | 41,111 | (41,111) | - |
| Total operating revenues | 100,403,660 | (41,111) | 100,362,549 |
| Operating expenses | | | |
| Program services | | | |
| Credentials | 32,467,879 | - | 32,467,879 |
| Training | 15,093,040 | - | 15,093,040 |
| Enterprise assessment | 20,468,900 | - | 20,468,900 |
| Frameworks | 944,717 | - | 944,717 |
| Membership | 16,493,877 | - | 16,493,877 |
| Conference and events | 4,488,497 | - | 4,488,497 |
| Total program services | 89,956,910 | - | 89,956,910 |
| Supporting services | | | |
| Board and administrative | 17,840,484 | - | 17,840,484 |
| Total supporting services | 17,840,484 | - | 17,840,484 |
| Total operating expenses | 107,797,394 | - | 107,797,394 |
| Change in net assets from operations | (7,393,734) | (41,111) | (7,434,845) |
| Other losses | | | |
| Net investment return | (12,150,908) | - | (12,150,908) |
| Net realized and unrealized losses on foreign currency exchange | (239,671) | - | (239,671) |
| Total other losses | (12,390,579) | - | (12,390,579) |
| Change in net assets | (19,784,313) | (41,111) | (19,825,424) |
| Net assets, beginning of year | 115,638,175 | 41,111 | 115,679,286 |
| Net assets, end of year | \$ 95,853,862 | - | \$ 95,853,862 |

ISACA, INC. AND AFFILIATES
CONSOLIDATED AND COMBINED STATEMENTS OF ACTIVITIES

Year Ended 31 December 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------|-------------------------|-----------------------|
| Operating revenues | | | |
| Credentials | \$ 37,456,152 | \$ – | \$ 37,456,152 |
| Training | 13,934,761 | – | 13,934,761 |
| Enterprise assessment | 22,865,508 | – | 22,865,508 |
| Frameworks | 1,222,045 | 9 | 1,222,054 |
| Membership | 20,064,985 | – | 20,064,985 |
| Conference and events | 2,661,839 | – | 2,661,839 |
| Contributions | 172,139 | – | 172,139 |
| Other | 151,637 | 9 | 151,637 |
| Net assets released from restrictions | 9 | (9) | – |
| Total operating revenues | 98,529,075 | – | 98,529,075 |
| Operating expenses | | | |
| Program services | | | |
| Credentials | 26,045,063 | – | 26,045,063 |
| Training | 11,991,269 | – | 11,991,269 |
| Enterprise assessment | 16,385,846 | – | 16,385,846 |
| Frameworks | 794,290 | – | 794,290 |
| Membership | 12,894,751 | – | 12,894,751 |
| Conference and events | 1,743,078 | – | 1,743,078 |
| Total program services | 69,854,297 | – | 69,854,297 |
| Supporting services | | | |
| Board and administrative | 16,337,586 | – | 16,337,586 |
| Total supporting services | 16,337,586 | – | 16,337,586 |
| Total operating expenses | 86,191,883 | – | 86,191,883 |
| Change in net assets from operations | 12,337,192 | – | 12,337,192 |
| Other gains | | | |
| Net investment return | 10,028,897 | – | 10,028,897 |
| Net realized and unrealized gains on foreign currency exchange | 90,610 | – | 90,610 |
| Total other gains | 10,119,507 | – | 10,119,507 |
| Change in net assets | 22,456,699 | – | 22,456,699 |
| Net assets, beginning of year | 93,181,476 | 41,111 | 93,222,587 |
| Net assets, end of year | \$ 115,638,175 | \$ 41,111 | \$ 115,679,286 |

ISACA, INC. AND AFFILIATES**CONSOLIDATED AND COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended 31 December 2022

| | Program Services | Support Services | Total |
|---|----------------------|----------------------|-----------------------|
| Compensation | \$ 43,495,895 | \$ 9,960,841 | \$ 53,456,736 |
| Marketing and promotions | 10,844,104 | 80,889 | 10,924,993 |
| Facilities, infrastructure, and insurance | 6,784,268 | 2,780,241 | 9,564,509 |
| Professional fees | 6,678,748 | 2,097,621 | 8,776,369 |
| Depreciation and amortization | 4,326,922 | 1,070,759 | 5,397,681 |
| Course and training costs | 4,286,630 | – | 4,286,630 |
| Test administration fees | 2,543,886 | – | 2,543,886 |
| Conference | 2,942,522 | – | 2,942,522 |
| Other operating expenses | 2,092,594 | 848,066 | 2,940,660 |
| Banking, credit card and interest fees | 2,387,815 | 5,086 | 2,392,901 |
| Travel | 1,168,026 | 805,962 | 1,973,988 |
| Supplies, printing, postage and shipping | 1,734,607 | 191,019 | 1,925,626 |
| Royalties and commission | 670,893 | – | 670,893 |
| Total | \$ 89,956,910 | \$ 17,840,484 | \$ 107,797,394 |

ISACA, INC. AND AFFILIATES**CONSOLIDATED AND COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended 31 December 2021

| | Program Services | Support Services | Total |
|---|----------------------|----------------------|----------------------|
| Compensation | \$ 35,463,425 | \$ 9,952,108 | \$ 45,415,533 |
| Marketing and promotions | 6,452,382 | 88,810 | 6,541,192 |
| Facilities, infrastructure, and insurance | 5,353,320 | 2,425,577 | 7,778,897 |
| Professional fees | 4,712,426 | 1,994,847 | 6,707,273 |
| Depreciation and amortization | 5,282,567 | 1,181,808 | 6,464,375 |
| Course and training costs | 3,088,178 | – | 3,088,178 |
| Test administration fees | 2,417,882 | – | 2,417,882 |
| Conference | 1,246,386 | 1,500 | 1,247,886 |
| Other operating expenses | 1,135,659 | 371,535 | 1,507,194 |
| Banking, credit card and interest fees | 2,309,636 | 6,212 | 2,315,848 |
| Travel | 178,180 | 126,360 | 304,540 |
| Supplies, printing, postage and shipping | 1,398,481 | 188,709 | 1,587,190 |
| Royalties and commission | 815,775 | 120 | 815,895 |
| Total | \$ 69,854,297 | \$ 16,337,586 | \$ 86,191,883 |

ISACA, INC. AND AFFILIATES

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

Years Ended 31 December 2022 and 2021

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (19,825,424) | \$ 22,456,699 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 3,801,468 | 4,116,253 |
| Amortization of intangible assets | 1,596,213 | 2,348,122 |
| Bad debt expense | 537,500 | 284,845 |
| Net realized and unrealized (gains) losses on investments | 14,937,370 | (7,526,778) |
| Non-cash rent expense | 2,404 | 36,609 |
| Changes in assets and liabilities | | |
| Accounts receivable | (2,968,471) | (3,147,551) |
| Prepaid expenses and other current assets | 297,827 | (1,776,873) |
| Inventory | (113,450) | (34,484) |
| Operating lease liability | (972,470) | (949,811) |
| Accounts payable and accrued expenses | 1,809,732 | 4,572,704 |
| Deferred revenues | 5,897,565 | (2,846,755) |
| Other liabilities | 3,497 | - |
| Net cash provided by operating activities | 5,003,761 | 17,532,980 |
| Cash flows from investing activities | | |
| Purchases of fixed assets | (2,697,614) | (3,003,711) |
| Purchases of intangible assets | (545,912) | (808,419) |
| Purchases of investments | (22,714,040) | (31,755,868) |
| Proceeds from the sale of investments | 20,127,241 | 16,453,244 |
| Net cash (used in) investing activities | (5,830,325) | (19,114,754) |
| Net change in cash and cash equivalents | (826,564) | (1,581,774) |
| Cash and cash equivalents, beginning of year | 26,229,100 | 27,810,874 |
| Cash and cash equivalents, end of year | \$ 25,402,536 | \$ 26,229,100 |
| Supplemental disclosure | | |
| Cash paid for operating leases | \$ 972,470 | \$ 949,811 |
| Significant noncash operating and investing activities: | | |
| Right of use asset - operating leases | \$ 625,519 | \$ 841,233 |
| Operating lease liability | \$ 625,519 | \$ 775,952 |

ISACA, INC. AND AFFILIATES

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

31 December 2022 and 2021

Note 1 - Organization

The Organization consists of ISACA, Inc. (the "Association" or "ISACA"), IT Governance Institute, Inc. (the "Institute" or "ITGI"), ISACA Global, Inc. ("IGI"), One in Tech, an ISACA Foundation ("One in Tech", "OIT", or the "Foundation") and ISACA Europe Limited collectively, (the "Organization"). 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 global office building located in Schaumburg, 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 165,000 members 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"), Certified Data Privacy Solutions Engineer ("CDPSE") and Cybersecurity Practitioner ("CSX-P") designations. In addition, the Association supports development, update and education activities related to COBIT, a globally adopted business framework for governing and managing enterprise IT.

The Institute was dissolved as of 30 April 2022 with all net assets being transferred to One in Tech as of that date.

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 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 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 2022. 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.

Foundation was established in 2019, to foster and build diversity and inclusion in the cyber professions through its programs, partnerships, and

grantmaking. The core programs of the Foundation focus on accelerating careers through SheLeadsTech and funding continuing education through the OIT Scholarship Program. ISACA is deemed to have control over OIT but not economic interest and therefore is presented on a combined basis. As previously noted, the net assets of the Institute were transferred to One in Tech as of 30 April 2022.

ISACA Europe Limited was incorporated in 2022 as a for profit corporation with Europe. The Association owns 100% of the interest of ISACA Europe Limited. The purpose of this subsidiary is to provide a local presence within Europe and allow transactions to be conducted locally. The offices of ISACA Europe Limited are located in Dublin, Ireland. There were no transactions during the year ended 31 December 2022.

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. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. 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 and combined 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.

The Organization also entered into an investment in a fund of hedge fund investment vehicle, commonly referred to as an alternative investment. Alternative investments of this nature are valued using an estimated Net Asset Value (NAV) as reported by the related fund manager. NAV is used as a practical expedient to estimate fair value of the Organization's interest.

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 2022 and 2021 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 2022 and 2021, the Organization maintained 17% and 20%, respectively, 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. All investment activity is reflected in the accompanying consolidated and combined statements of activities as net investment return.

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 \$3,801,468 and \$4,116,253 for the years ended 31 December 2022 and 2021, 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:

Without donor restrictions - 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.

With donor restrictions - Represents resources that are subject to restrictions imposed by the donor that will be met either by actions of the Organization or the passage of time or are restricted to investments in perpetuity. When a donor restriction has been satisfied by incurring expenses consistent with the designated purpose, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promotion and Advertising Costs: Promotion and advertising costs are expensed as incurred. Total promotion and advertising costs were \$10,924,993 and \$6,541,192 for the years ended 31 December 2022 and 2021, respectively.

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the consolidated and combined statements of functional expenses. Expenses directly attributable to a specific functional area for the Organization are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among program services and management and general expenses. Such allocations are determined by management on an equitable basis. A portion of the costs that benefit multiple functional areas have been allocated across program and support functions based on headcount and on the proportion of time spent in a particular area, as well as being allocated based on revenues per functional area.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications did not have any impact on total net assets or changes in net assets.

Note 3 - Revenue

The Organization recognizes revenue under Topic 606 when (or as) the promised services are transferred to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. To determine revenue recognition when contracts are within the scope of ASC 606, the Organization performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the performance obligation(s) are satisfied. At contract inception, the Organization assesses the services promised within each contract, assesses whether each promised service is distinct and identifies those that are performance obligations. The Organization recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Nature and Timing of Revenues:

Credentials: Credential revenue, consisting of exam sitting fees and application fees, is recognized when payment is received and the Organization has satisfied the related performance obligation. Maintenance certification fees are recognized on a straight-line basis over the annual certification period. Grandfathering fees are recognized when the customer application is approved.

Training: Training revenue is comprised of revenue from webinars, and online training. Webinar revenue consists of webinars delivered in live, live-online, or on-demand online formats. Webinar revenue is recognized for live and live-online webinars on the day of the webinar. On-demand online courses etc., in which customers have access to online training, are recognized on the day the customer makes payment and the Organization has satisfied the related performance obligation by making the course available to the customer. In addition, test preparation and other publication revenue consists of course instruction and self-study material sales. Publication revenue is recognized when access to the course materials is delivered to the customer or when hard physical copies are mailed.

Enterprise Assessment: Enterprise assessment revenue consists of the following:

- **Partner fees:** this includes the annual support fees for partners, and the individuals' certified roles. Revenue is recognized on a straight-line basis over the course of 12 months, which is the period of time over which the performance obligations are satisfied. Also included in here are per seat fees and appraisal fees. Revenue for these fees are recognized after the instructor or lead appraiser has completed their work and all necessary paperwork has been submitted.
- **Subscription and program fees:** this includes subscription fees to the Enterprise Licenses, Annual Model Viewer Subscriptions, Medical Device Discovery Appraisal Program ("MDDAP") Program Fees and Cyber Maturity Subscriptions. Revenue is recognized straight-line

over the course of 12 months, which is the period of time over which the performance obligations are satisfied.

- **Consulting and professional services:** this includes consulting, appraisals and on-site trainings, Data Management Maturity ("DMM") consulting, assessments and trainings, and Cyber Maturity set up fees, consulting and risk assessments. Revenue is recognized as the services are provided. If the scope of work carries over multiple months, revenue is recognized for each engagement based on the percentage of work completed at the end of each month.
- **Appraisals, observations, and instructor led trainings:** this includes MDDAP appraisals conducted, Capability Maturity Model Integration ("CMMI") product and DMM observations and all instructor led training courses taught. Revenue for all of these services are recognized when the service has been completed and the obligation has been fulfilled.
- **End User Products and Sponsorship:** This includes the purchase of items from the CMMI Institute website. Revenue is recognized at the time of sale as the customer receives immediate access to the eLearning, on-line tools, or the information download. This also includes sponsorship revenue which is recognized at time of the event.

Frameworks: Framework revenue consists of all products related to COBIT, including publications, online training, and accreditation. Revenue for these products is recognized in the same manner, i.e. publication revenue is recognized when access to the course materials is delivered to the customer or when hard physical copies are mailed, on-demand online courses etc., in which customers have access to online training, are recognized on the day the customer makes payment, and accreditation is recognized when payment is received, and customer is entitled to benefit.

Membership: Membership revenue includes dues revenue and is recognized on a straight-line basis over the membership period. Subscription revenue is recognized on a straight-line basis over the subscription period. This also includes advertising/sponsorship revenue which is recognized at time of the event.

Conference and Events: Conference and events revenue is comprised of revenue from conferences, and sponsorships. Conference revenue consists of revenue from attendees, sponsors, and exhibitors. Conference and sponsorship revenue is recorded at the time of the event.

Contributions: Contributions are recorded as either with donor restriction or without donor restriction. Contributions with donor restrictions are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions in the statements of activities.

Other: This consists of sponsorship/advertising, and other miscellaneous revenue. Sponsorship/advertising revenue is recognized at the time of the event.

Note 4 - Availability And Liquidity

The following represents the Organization's financial assets at 31 December 2022 and 2021:

| | 2022 | 2021 |
|--|----------------------|-----------------------|
| Financial assets at year end | | |
| Cash and cash equivalents | \$ 25,402,536 | \$ 26,229,100 |
| Investments | 92,561,472 | 105,008,600 |
| Accounts receivable, net | 15,580,888 | 13,149,917 |
| Total financial assets | 133,544,896 | 144,387,617 |
| Less amounts not available to be used within one year | | |
| Board-designated net assets | (41,794,104) | (34,578,933) |
| Net assets with donor restrictions | – | (41,111) |
| Financial assets not available to be used within one year | (41,794,104) | (34,620,044) |
| Financial assets available to meet general expenditures within one year | \$ 91,750,792 | \$ 109,767,573 |

Liquidity Management: The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

To help manage unanticipated liquidity needs, the Organization has a margin loan agreement with Charles Schwab in which the Organization can draw up to thirty-five percent (35%) of the available balance in its investment portfolios (see Note 8).

Additionally, the Organization has Board-designated net assets without donor restrictions that, while the Organization does not intend to spend these net assets for purposes other than those identified, the amounts could be made available for current operations, if necessary.

Note 5 - Investments

The following table presents information about the Organization's investments. Money market funds and interest-bearing deposits are stated at cost. Investments, except for alternatives, 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 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|--|----------------------|-----------------------|
| Mutual funds | | |
| Large cap | \$ 15,714,169 | \$ 21,336,751 |
| Mid cap | 4,801,423 | – |
| Small cap | 2,331,097 | 4,622,818 |
| International | 17,256,880 | 21,636,334 |
| Fixed income | 32,754,346 | 37,320,882 |
| Alternatives | 8,498,944 | 6,284,416 |
| Broad real assets | 3,868,674 | 3,112,606 |
| Master limited partnerships | 2,168,931 | – |
| Money market | 5,167,008 | 3,556,313 |
| Total mutual funds | 92,561,472 | 97,870,120 |
| Exchange-traded funds | | |
| Mid cap | – | 2,136,371 |
| REIT | – | 5,002,109 |
| Total exchange-traded funds | – | 7,138,480 |
| Money market/ interest-bearing deposits | – | – |
| Total investments | \$ 92,561,472 | \$ 105,008,600 |

The alternative investment fund (the "fund") held by the Organization is recorded at net asset value for the years ended 31 December 2022 and 2021. The underlying investment objective of the fund interest acquired in 2020 is capital appreciation with limited variability of returns. The fund attempts to achieve this objective by allocating capital among a number of underlying funds. Units in the fund are not redeemable. Rather, periodically the fund will make offers to repurchase outstanding units at the fund's discretion. The number of units that the fund will make offers to repurchase is determined by the board of the fund in its complete and absolute discretion, and such number may be all or any portion of the fund's outstanding units.

Note 6 - Accounts Receivable

Accounts receivable consist of the following at 31 December 2022 and 2021:

| | 2022 | 2021 |
|--------------------------------------|----------------------|----------------------|
| Trade receivables | \$ 16,219,422 | \$ 13,818,198 |
| Less allowance for doubtful accounts | (638,534) | (668,281) |
| Accounts receivable, net | \$ 15,580,888 | \$ 13,149,917 |

Changes in the Organization's allowance for doubtful accounts are as follows for the years ended 31 December 2022 and 2021:

| | 2022 | 2021 |
|-----------------------|-------------------|-------------------|
| Beginning balance | \$ 668,281 | \$ 437,701 |
| Bad debt expense | 537,500 | 284,845 |
| Accounts written off | (567,247) | (54,265) |
| Ending balance | \$ 638,534 | \$ 668,281 |

Note 7 - Intangible Assets

As part of the original acquisition of CMMI, goodwill was recorded on the purchase. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is reviewed for potential impairment by the Organization annually. If a triggering event occurs that indicates the fair value may be below its carrying value, the Organization would calculate goodwill impairment. As of 31 December 2022 and 2021, the Organization determined that no adjustment for goodwill impairment was required.

The Organization incurred new product development costs that were capitalized during the year ended 31 December 2022. Intangible assets as of 31 December 2022 and 2021 consist of the following:

| | Amortization Period | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount as of 31 December 2022 |
|------------------------|---------------------|-----------------------|--------------------------|--|
| Customer relationships | 14 years | \$ 900,000 | \$ (439,286) | \$ 460,714 |
| Intellectual property | 14 years | 2,600,000 | (1,269,048) | 1,330,952 |
| Trade names | 7 years | 270,000 | (263,571) | 6,429 |
| Product development | 3 years | 9,133,960 | (7,993,878) | 1,140,082 |
| | | \$ 12,903,960 | \$ (9,965,783) | \$ 2,938,177 |

| | Amortization Period | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount as of 31 December 2021 |
|------------------------|---------------------|-----------------------|--------------------------|--|
| Customer relationships | 14 years | \$ 900,000 | \$ (375,000) | \$ 525,000 |
| Intellectual property | 14 years | 2,600,000 | (1,083,332) | 1,516,668 |
| Trade names | 7 years | 270,000 | (225,000) | 45,000 |
| Product development | 3 years | 8,588,047 | (6,686,238) | 1,901,809 |
| | | \$ 12,358,047 | \$ (8,369,570) | \$ 3,988,477 |

Amortization expense was \$1,596,213 and \$2,348,122 for the years ended 31 December 2022 and 2021, respectively. Estimated amortization expense for each of the ensuing years through 31 December 2027 and thereafter is as follows:

| Year | Amount |
|--------------|---------------------|
| 2023 | \$ 930,034 |
| 2024 | 601,261 |
| 2025 | 365,216 |
| 2026 | 250,000 |
| 2027 | 250,000 |
| Thereafter | 541,666 |
| Total | \$ 2,938,177 |

Note 8 - 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 the Federal Fund rate plus 0.25%. As of 31 December 2022 and 2021, there was no outstanding balances on the loan.

Note 9 - Net Assets

The Association's Board of Directors designate a portion of the Organization's net assets without donor restrictions 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 \$41,718,204 as of 31 December 2022. As of 31 December 2021, the designated amount was \$34,578,933. These funds, while designated for the purposes noted above, are categorized within net assets without donor restrictions. In 2021 the Association's Board of Directors approved a change in the calculation to only include six months of operating expenses instead of ten months previously.

Robert E. Stroud Memorial Fund: In 2018, ISACA established the Robert E. Stroud Memorial Fund within ITGI, to honor the contributions, leadership, and legacy of a former member of the ISACA Board of Directors. The donor restrictions related to these funds, now within One in Tech, were released during 2022.

Note 10 - Net Assets Released From Restrictions

During 2022 and 2021, net assets were released from restrictions to satisfy the following purposes:

| | 2022 | 2021 |
|--|-----------|------|
| Endowment appropriation for expenditures | \$ 41,111 | \$ 9 |

Note 11 - 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 \$4,216,874 and \$3,446,238 at 31 December 2022 and 2021, respectively, are reflected in accounts payable and accrued expenses and represent the unremitted portion of dues collected for individual chapters. During 2022, chapter dues collected and remitted totaled \$5,960,008 and \$5,189,372, respectively. During 2021, chapter dues collected and remitted totaled \$4,220,453 and \$3,694,418, respectively.

Note 12 - Operating Lease Right Of Use Asset and Liability

The Organization's leased assets include two office leases as of 31 December 2022, with remaining terms from less than one year up to eight years and are classified as operating leases. The Organization's leased assets also includes office equipment. Renewal options are excluded from the calculation of lease liabilities unless renewal is reasonably assured. There are no residual value guarantees or material restrictive covenants. The leases are reflected on the consolidated and combined statements of financial position through both a right-of-use asset and an operating lease liability. The right-of-use assets represents the right to use the underlying asset for the lease term and were \$6,344,067 as of 31 December 2022, and \$6,641,369 as of 31 December 2021. The lease liability represents the obligation to make lease payments arising from the lease agreement, which are discounted using the Association's incremental borrowing rate of 2.0% as of 31 December 2022 and 2021. Leases are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of lease payments, over the lease term on a straight-line basis.

The weighted average discount rate used across leases was 2% as of 31 December 2022 and 2021.

The future payments due under operating leases as of 31 December 2022 are as follows:

| Years ending 31 December | Leases |
|------------------------------------|---------------------|
| 2023 | \$ 1,109,218 |
| 2024 | 1,144,315 |
| 2025 | 1,159,855 |
| 2026 | 1,185,115 |
| 2027 | 1,210,375 |
| Thereafter | 1,965,018 |
| Subtotal | 7,773,896 |
| Less effects of discounting | (285,230) |
| Total | \$ 7,488,666 |

Note 13 - 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 2022 and 2021, the Association and the Institute did not recognize any interest or penalties associated with tax matters.

IGI accounted 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. Deferred tax assets which arose primarily from net operating loss carryforwards for federal and state income tax purposes, related to IGI and OIT, are not expected to be realizable and therefore have a valuation allowance for the full amount of the related deferred tax asset recorded.

The Association's, the Institute's, IGI's federal and state income tax returns prior to 2019 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Note 14 - Employee Benefit Plan

The Association maintains 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 2022 and 2021 were \$1,531,905 and \$1,499,734, respectively.

Note 15 - Contingencies

The Organization is a party to litigation in various matters arising in the ordinary course of operations. Typically, the Organization's insurance carriers are defending these matters. Pending litigation will be vigorously defended and, in the opinion of management, is likely to be resolved without any material adverse effect upon the consolidated and combined financial statements of the Organization.

Note 16 - Subsequent Events

The Organization evaluated subsequent events through 31 March 2023, the date that the consolidated and combined financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the consolidated and combined financial statements.

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