

2024 Annual Report



ISC2™



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Your Passion Inspires

Dear ISC2 members, associates and candidates,

2024 was a year of profound change, challenge and opportunity. Cybersecurity professionals experienced cutbacks in investment and job prospects, despite the acceleration of technologies like AI and an increasingly sophisticated threat landscape. Yet, as always, ISC2 members continued to rise above, tackling these challenges head-on.

It's amazing what this community is capable of, even during times of adversity! Your unwavering support and dedication to the cybersecurity mission and our association are commendable. Your passion and innovative ideas make our community unique, and as a member association, we aim to support you—every step of the way.

We took strides to ensure we enhanced the value of ISC2 membership for our nearly 263,000 members and associates. Together, we achieved several key milestones that reflect our continued commitment to supporting you and the entire global cybersecurity community.



Dan Houser, ISSAP, ISSMP, CISSP, CCSP, CSSLP, CC

2024 ISC2 Board of Directors Chair



Debra Taylor, CC

ISC2 Acting CEO and CFO

- We advocated for ISC2-certified professionals with global cybersecurity leaders and ensured your voice is represented in policy development.
- All ISC2 certifications are approved for use in the U.S. Department of Defense (DoD) 8140 directive, helping you obtain and retain cybersecurity jobs.
- Our One Million Certified in Cybersecurity program continued to expand access to the profession with free training and exams for the Certified in Cybersecurity certification.
- With the help of hundreds of volunteers worldwide, we evaluated the ISC2 Common Bodies of Knowledge and are combining them into a Unified Body of Knowledge.
- And with 159 global Chapters, thousands of members connected with their local communities, shared knowledge and grew their professional networks.

On behalf of the entire ISC2 team, thank you for your membership, your volunteer efforts and all you do to create a safe and secure cyber world.

Association Governance

ISC2 is a United States 501(c)(6) nonprofit professional association. Our organization is the world's leading member association for cybersecurity professionals, driven by our vision of a safe and secure cyber world. Our nearly 263,000 members and associates lead the profession with the same shared vision.

Our award-winning certifications—including cybersecurity's premier certification, the CISSP—enable professionals to demonstrate their knowledge, skills and abilities at every stage of their careers. ISC2 strengthens the influence, diversity and vitality of the cybersecurity profession through advocacy, expertise and workforce empowerment that accelerates cyber safety and security in an interconnected world. Our charitable foundation, The Center for Cyber Safety and Education, helps create more access to cyber careers and educates those most vulnerable.

ISC2 programs support its members' professional development and advocate for the continued growth, ethical best practices and health of the cybersecurity profession. Association operations are managed by the ISC2 CEO and senior leadership team under the authority, direction and guidance of the ISC2 Board of Directors.



ISC2 Board of Directors

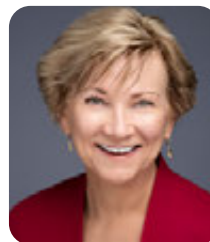
Elected by ISC2 members, the Board of Directors comprises ISC2-certified cybersecurity professionals and leaders from around the world with expertise in securing and managing risk for academic institutions, government agencies and businesses of all sizes across all sectors. Our all-volunteer Board provides governance and oversight for the organization, establishes requirements for and grants certifications to qualifying candidates and enforces adherence to the ISC2 Code of Ethics.

The ISC2 Board of Directors volunteers its time working on strategy, setting goals and objectives, overseeing programs and activities, and actively managing risks. The Board depends on the faithful and responsible participation of each of its members.

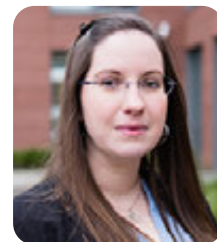
Thank you to the 2024 ISC2 Board of Directors, who guided us through a year of challenge and opportunity with their unwavering dedication to members, associates, candidates and the entire cybersecurity profession.



Dan Houser
ISSAP, ISSMP, CISSP,
CCSP, CSSLP, CC, Chair
(U.S.)



Lisa Young
CISSP, Vice Chair
(U.S.)



Laurie-Anne Bourdain
CISSP, Secretary
(Belgium)



Rachel Guinto
CISSP, Treasurer
(Canada)



May Brooks-Kempler
CISSP, HCISPP, MBA
(U.A.E.)



Edward Farrell
CISSP, SSCP
(Australia)



Nalneesh Gaur
ISSAP, CISSP
(U.S.)



Eiji Kuwana
CISSP
(Japan)



Samara Moore
CISSP
(U.S.)



Guy Ngambeket
CISSP
(Qatar)



James Packer
CISSP, CCSP,
(Switzerland)



Judith Sargeant
CISSP
(Barbados)



Lori Ross O'Neil
CISSP
(U.S.)

Learn more about the ISC2 Board of Directors at:
[ISC2.org/about/board-of-directors](https://isc2.org/about/board-of-directors).

Financial Strength, Reinvested in our Members

As a registered 501(c)(6) nonprofit organization, ISC2 invests its revenue back into our association, its members and the future of the cybersecurity profession. ISC2 is in a strong financial position as we achieved a record revenue of \$98.2 million (USD) in 2024.

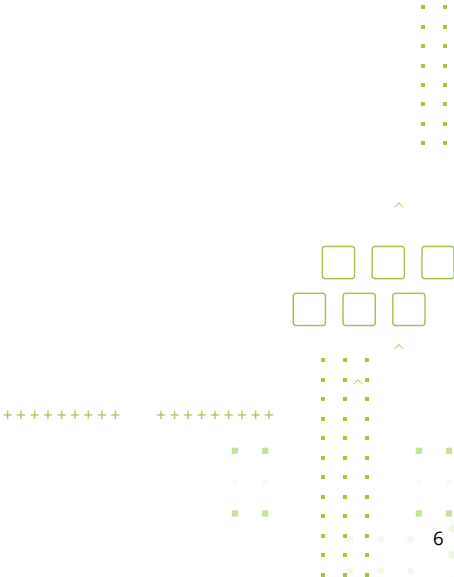
ISC2 2024 Financial Summary (USD)

	FY2022	FY2023	FY2024
Revenue	\$79,288,850	\$85,750,901	\$98,220,242
Net Increase/(Decrease) in Net Assets	(\$5,919,200)	(\$5,484,276)	\$5,929,395
Program Investment	\$40,624,229	\$58,667,730	\$58,268,873

“Net Increase/(Decrease) in Net Assets” is defined as revenue minus the associated costs of the organization during the reporting period, thus increasing or decreasing the value of the net assets.

ISC2’s “Program Investment” refers to the portion of our spending that goes directly toward delivering our mission-related services and activities. The Program Investment decreased in 2024 because we completed a technology project aimed at improving member experience.

ISC2’s financial strength supports our community of members, associates and candidates, both now and in the future. ISC2’s complete audited financial statements are provided on page 22.



AMF at Work

Each year, ISC2 members renew their commitment to their certifications by paying Annual Maintenance Fees, or AMFs. We reinvest these AMFs into the association, helping to ensure that ISC2 certifications remain the most respected and sought-after cybersecurity qualifications in the world by:

- Supporting regular content review and refreshes for all exams and certification education
- Funding our global exam administration, delivery and security programs
- Maintaining the highest recognition, such as ANAB ISO/IEC 17024 accreditation and U.S. Department of Defense 8140 approval
- Enabling processes like member endorsement, member verification, digital badging, CPE reporting and certification maintenance

AMFs help ensure the long-term health and vitality of our association and all that we do to advance the cybersecurity profession. There are costs associated with developing, maintaining and growing the world's largest association of cybersecurity professionals. Our aim is to deliver as much value to our members as we can and to be transparent with how we're spending their money.



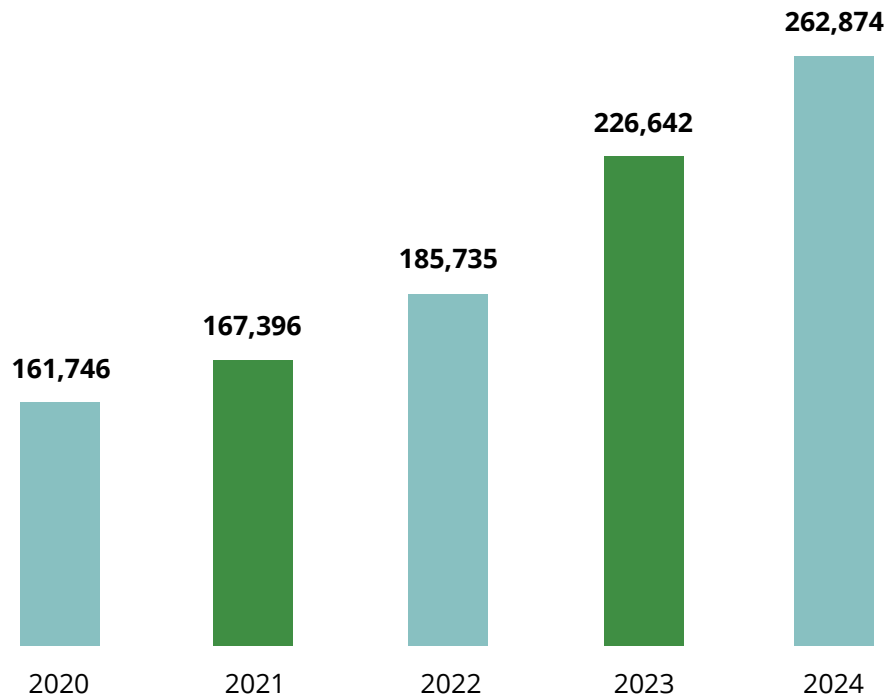
Supporting a Growing Community

As a mission-driven organization, ISC2 is delivering excellence to nearly 263,000 members and associates* worldwide. We are committed to continually strengthening our education, networking, career and certification offerings. We do this by employing a strong global team that works to deliver on our vision and mission.

2024 ISC2 Membership

ISC2's membership, comprising ISC2 members (certification holders) and ISC2 Associates, is spread across the globe, with the largest concentrations of members in the United States, the United Kingdom, Canada, and India.

In 2024, ISC2 membership increased by 16%. Our membership growth continues to validate our significance and credibility as a cybersecurity association and an advocate for the cybersecurity profession while bringing multiple perspectives that foster innovation and provide more opportunities for networking and career growth.



One in five ISC2 employees holds an ISC2 certification and is a member, invested in the success of the association as well as better understanding the challenges and opportunities facing our members.



*As of December 31, 2024.

ISC2 Members, Associates and Candidates

As of December 31, 2024



<u>Region</u>	<u>Members</u>	<u>Associates</u>	<u>Candidates</u>
Global	257,081	5,793	404,815
■ North America	152,318	4,081	135,938
■ Latin America	5,315	13	22,363
■ Europe, Middle East, Africa	52,933	800	129,372
■ Asia-Pacific	46,515	899	117,142

ISC2’s global member base offers significant benefits:

- Members can access a worldwide network of cybersecurity professionals, broadening their perspectives and exposing them to a wide range of experiences.
- Because of our global presence, ISC2 can effectively navigate changing regulations and economic conditions, which enhances members’ resilience and adaptability.
- Being part of a globally connected association boosts members’ reputation and influence.
- This global reach ensures that our members are well-equipped to address emerging cybersecurity challenges and continue to grow professionally.

2024 Certification Counts

We continued to see strong growth for CISSP, as well as CCSP and SSCP. Additionally, our CC continues to gain momentum, growing 56% year-over-year.



CISSP® 180,527

CC® 69,083

CCSP® 21,178

SSCP® 10,611

CGRC® 4,720

CSSLP® 3,687

ISSAP® 2,515

ISSEP® 1,481

ISSMP® 1,671

A Thriving Community

We interact with our global membership through a blend of in-person and online initiatives, allowing members to engage with ISC2 wherever they are in the world.

In-person Events

Our members benefit from regular global events and workshops that provide opportunities for face-to-face networking and collaboration. Learn more about ISC2's in-person events on page 16.

Our Online Communities

To better connect our members with the latest ISC2 updates and industry news, we launched the ISC2 Up2Date newsletter on LinkedIn in August 2024. By the end of the year, the newsletter had garnered 132,368 subscribers.

Members shared their expertise through the ISC2 Insights blog, where we address the most prevalent concerns of cybersecurity professionals around the world and offer guidance. In 2024, 75 members contributed to Insights, a 200% increase in the number of volunteers from last year!



Our social media presence also grew significantly, and we've experienced increased engagement across our four main channels:



454,722
followers
+30.6%



102,440
followers
+10.5%



32,446
followers
+16.9%



70,490
users
+31.7%

community.ISC2.org

A strong social media presence benefits members and the association by keeping you better informed and increasing transparency of the work we are doing to support you.

Our Success Framework

Four strategic priorities guide our work, providing a framework for what's most important for ISC2 and our members.



Amplify the Core

Strengthen business model and certifications to ensure ISC2 expertise meets global marketplace and individual demands.



Promote Global Competence

Deliver comprehensive and innovative products, services and experiences to help stakeholders stay relevant and engage in lifelong learning.



Advocate for Members and the Profession

Advance ISC2 as the leading global cyber and information security professional association.



Enhance the Experience

Enhance the ISC2 experience for members, the greater cybersecurity community and stakeholders.

Amplify the Core

Strengthen business model and certifications to ensure ISC2 expertise meets global marketplace and individual demands.

Certifications and Exams

ISC2 continues to reinforce the credibility of our certifications to ensure they're formally and globally recognized, and that those who hold them are viewed as the most accomplished cybersecurity professionals in the world.

Recognizing Your Successes

ISC2 celebrated 30 years of the CISSP, recognizing the more than 180,000 CISSP certification holders who continue to lead our profession.



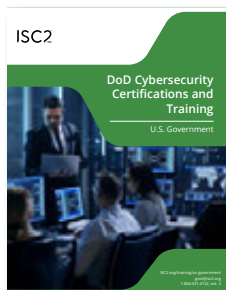
This year, ISC2 secured renewal accreditation for all ISC2 certifications from the ANSI National Accreditation Board under ANAB ISO/IEC 17024. This recognition confirms that all ISC2 certification programs were developed and will be maintained to rigorous standards.



ISC2 Certifications Approved for DoD 8140

DoD 8140 supports military, civilian and contractor cyber roles, unifying and standardizing the DoD's cyber workforce, roles, qualifications, and training. In 2024, all ISC2 certifications and certification education programs were approved for use in DoD 8140, which will influence workforce planning globally.

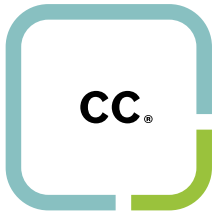
In approving ISC2 certifications for use in DoD 8140, the U.S. Department of Defense recognizes ISC2's commitment to maintaining high standards and staying current with industry best practices.



Mike Cook, CISSP, a Deputy Director in the U.S. Air Force, on the value of including ISC2 certifications in DoD 8140:

"As a government employee in a government organization, I believe the directive translates well to the private sector. We recruit and hire from the private sector and many of the candidates have certifications that are accepted within the 8140. Additionally, many of the private sector organizations require IT professionals to attain certifications accepted within the 8140."

Certified in Cybersecurity (CC) Continues to Grow



ISC2's CC certification, launched in 2022, is an entry-level cybersecurity certification that covers the fundamentals of cybersecurity.

In 2024, we found that many organizations and academic institutions are actively utilizing the CC certification to train the next generation of cyber leaders and prepare entry- and junior-level staff. Additionally, the certification is used to enhance cybersecurity awareness among professionals in cyber-adjacent fields or professionals looking to expand their cybersecurity knowledge across industries.

35K CC certifications earned

Who holds the CC?

The average age of CC earners is **36 years**

What happens after earning the CC?*

37% of students who earned the CC are now employed;
of those employed:

51% are in cybersecurity roles and **27%** are in IT jobs.
(Note, most were enrolled in Cyber/CIS degree programs)

21% of CC holders said they are already pursuing
another ISC2 certification.

54% of CC holders are planning to pursue another ISC2
certification in the next 6–12 months.

*Based on a 2024 ISC2 survey of 1.7K CC holders.



ISC2 Certification Alignment with Skills Frameworks and Recognitions

ISC2's certifications have been mapped to key skills frameworks and recognized by leading organizations, demonstrating their relevance and expanding career opportunities for certification holders.

- NIST NICE Framework (U.S.): ISC2 certifications are aligned with NIST SP 800-181 cybersecurity work roles (Securely Provision, Protect & Defend, Analyze).
- Dubai Electronic Security Center (DESC): ISC2 certifications are mapped to Unify ICT skills across the government through the ICT Skills Framework and Strategy for the Emirate of Dubai, United Arab Emirates.
- The Australian Computer Society (ACS): The CISSP, ISSAP, SSCP, CSSLP and CC certifications are recognized as relevant to career advancement in various cybersecurity roles in Australia.

Members Drive Exam Development

Thank you to all exam development volunteers who ensure our exams reflect the latest practices in the field.

143 Item Development Workshops

2,498 Volunteers

18,150+ Exam items created or improved

Strengthening Global Understanding

In 2024, a team of 448 volunteers began the massive task of consolidating the ISC2 Common Bodies of Knowledge into a single corpus, the ISC2 Unified Body of Knowledge. This resource aims to better support cybersecurity professionals at all levels by making it easier for them to quickly access the information they need. Across all four phases of the project, volunteers from 50 nations participated in thirteen workshops to review, deduplicate, edit and validate the content.



Research-driven Thought Leadership

Our research reveals valuable insights into your daily challenges, which we share with policymakers from around the world and use to inform the kinds of support we provide to you, our members, such as the types of workshops and events we produce and the certificates and courses we offer.

The 2024 ISC2 Cybersecurity Workforce Study

This report captures insights from 15,852 cybersecurity practitioners and decision-makers from across the globe to explore the most pressing issues shaping the cybersecurity workforce.

AI in Cyber 2024: Is the Cybersecurity Profession Ready?

This research reviews input from 1,123 cybersecurity professionals to understand AI's real-world impact on cybersecurity tasks.

Women in Cybersecurity Report

This report reviews responses from women in the ISC2 Cybersecurity Workforce Study to shed light on the persistent challenges such as salary, satisfaction and authenticity that effect recruitment and retention.

2024 ISC2 Leadership Report

This research explores the experiences of cybersecurity leaders who received limited formal training, relying more on past experiences observing their managers, which raises concerns about perpetuating bad habits and reveals the need for structured leadership education.

Cybersecurity Salaries in the U.S.

This research reviews U.S.-specific responses from the ISC2 Cybersecurity Workforce Study, offering a detailed look into cybersecurity salaries.

Learn more at [ISC2.org/research](https://www.isc2.org/research).



AI in Cyber 2024



Promote Global Competence

Deliver comprehensive and innovative products, services and experiences to help stakeholders stay relevant and engaged in lifelong learning.

ISC2's continuing education portfolio helps members stay ahead of the latest threats, keep up with emerging technology and learn best practices to better secure their organizations.



Event Participation

In 2024, ISC2 events, webinars and workshops had significant global engagement with 2,762 in-person attendees and 915,918 attending live, online and viewing recordings on demand. This included participation in 5 SECURE events, 4 Spotlight events, 9 in-person and 8 virtual AI Workshops, Security Congress and webinars, all of which reflected the diverse interests and needs of our members worldwide.

ISC2's flagship event, Security Congress, was held in Las Vegas, Nevada, in 2024. Over 3,500 in-person and virtual attendees came together to network, discuss and learn about trending cybersecurity topics.

Focused Learning. Exam Success.

In 2024, ISC2 released online adaptive training for five certifications: CISSP, CC, CCSP, CGRC and CSSLP. This AI-driven training provides a personalized learning experience tailored to each participant's prior knowledge, learning speed and confidence, ensuring high-quality, customized learning.

1.7x Faster time to course completion

21% Improvement in average knowledge from adaptive courses



Advocate for Members and the Profession

Advance ISC2 as the leading global cyber and information security professional association.

Advocating for Members

We continue to advocate on your behalf with governments around the world, ensuring that your voice is heard when policy is formulated. In 2024, ISC2 engaged in more than 250 touchpoints with global stakeholders to help develop significant cyber legislation and regulations that benefit the cybersecurity profession and strengthen protections against cybercrime worldwide.

United States

ISC2 consulted with members of Congress, the Office of the National Cyber Director, the Joint Cyber Defense Collaborative and the National Institute of Standards and Technology on major cybersecurity workforce and policy initiatives such as DoD 8140 and the Cyber PIVOTT Act.

United Kingdom

ISC2 contributed to the UK Cyber Security Council's Professional Registration Scheme and served as a resource to the Department of Science, Innovation and Technology (DSIT), including participation in DSIT events. We also supported the McPartland review, the Cyber Governance Code of Practice pilot, and engaged in policy consultations.

Canada

ISC2 worked with the Government of Canada, consulting with the House of Commons on the language used in Bill C-26, an act respecting cybersecurity, amending the Telecommunications Act and making consequential amendments to other acts. In addition, we worked with the Canadian Cyber Defence Collective.

European Union

ISC2 advocated for cybersecurity workforce development in key legislation, including the Cyber Resilience Act and the Cyber Solidarity Act. We engaged with the E.U. Parliament, Council, and Commission and served on advisory boards like ENISA's Ad-Hoc Working Group on the European Cybersecurity Skills Framework and the E.U. AI Working Groups. We also upheld our commitment to the Cyber Skills Academy and engaged with the German Bundestag and the Federal Office for Information Security.

Asia-Pacific

ISC2 is engaged with stakeholders from government and industry in Australia and Singapore, providing input on the formulation of their professionalization schemes for the cyber security workforce. Additionally, we collaborated with Thailand's National Cybersecurity Agency.



From Student to CISO



Kwadjo Nyante received scholarships from the Center in 2016 and 2017, which helped him to pursue his cybersecurity career. "Within five years of my scholarship, I became a CISO before the age of 30," he reports. "All of this would not have been possible without the start from the Center. My journey has come full circle, as I am now a member of the Center Board of Trustees."



Making Cybersecurity Accessible for Everyone

ISC2 works to promote and enable its vision of a safe and secure cyber world by fostering a culture where every member is seen, heard and respected.

One Million Certified in Cybersecurity Program Increases Pathways into the Profession

In 2022, we made the ISC2 One Million Certified in Cybersecurity pledge, offering free Certified in Cybersecurity (CC) online self-paced training and an exam to one million people worldwide. This program is part of our commitment to increase pathways into the profession, support the next generation of cyber leaders and strengthen cyber-adjacent disciplines. Even two years later, the pledge continues to drive significant interest around the world.

For more information, visit ISC2.org/1mcc

The Center

The Center for Cyber Safety and Education, the charitable arm of ISC2, aims to grow the cybersecurity profession by fostering a diverse pipeline of cybersecurity professionals to build a global cyber community for good. Center activities include:

- Educating the public on how to stay cyber safe
- Cultivating the next generation of cybersecurity professionals
- Helping small businesses and nonprofits manage their cyber risk

101 scholarships were awarded to recipients from 23 countries

61 Academic scholarships support associate, undergraduate or graduate study of cybersecurity or related field

31 Pathway to Certification scholarships allow recipients to pursue ISC2 cybersecurity certifications at no cost

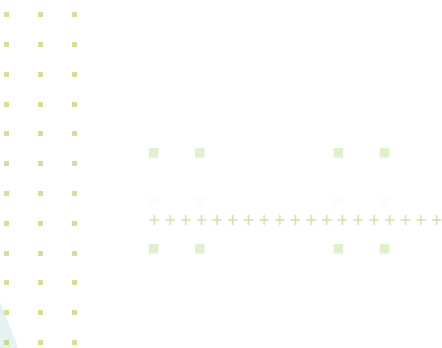
2 ISC2 Security Congress scholarships enabled access to the 2024 ISC Security Congress for those who otherwise would not have been able to attend

7,500+ Donors to the Center, a 702% increase from 2003

5,500+ People served **875+** Volunteers **45+** Countries



Enhance the Experience



Enhance the ISC2 experience for members, the greater cybersecurity community and stakeholders.

Anticipating Members’ Needs

ISC2’s regional Advisory Councils allow members to share fresh perspectives on issues from skills and workforce development to regulatory challenges and more. The Asia-Pacific, U.K. and North America Advisory Councils contributed to ISC2’s education portfolio strategy and supported ISC2 SECURE events in Amsterdam and London.

Additionally, the Supply Chain Risk Management Task Force published guidance on a new model for information sharing to mitigate supply chain risk and new training content on the Software Bill of Materials. Task force members also spoke at several ISC2 events.

ISC2 Chapters

By the end of 2024, there were 159 ISC2 Chapters globally (up 9 from 2023). ISC2 Chapters connect members within their local communities by hosting regular meetings, organizing virtual and in-person events, partnering with local schools and more. Additionally, they worked with the Center for Cyber Safety and Education to deliver Safe and Secure Online presentations, perform assessments to improve small businesses’ security posture, participate in fundraising events and volunteer recruitment efforts and support the One Million Certified in Cybersecurity Boost Program.

Participation in the Chapter Stipend Program grew in 2024, with 103 chapters receiving \$500 each to help them carry out administrative work and fund their mission to connect, educate, inspire and secure.

To help strengthen Chapter leadership, ISC2 held the Chapter Leaders Summit in 2024 for those interested in chapters to learn about how to make a meaningful impact. The event brought together 4,114 attendees, up from 217 in 2023, an increase of nearly 1,800%!

46,696 Chapter Members Around the World

159 Chapters

NAR: **86** EMEA: **37**

APAC: **28** LATAM: **8**



Recognizing Excellence

ISC2's Global Achievement Awards program recognizes individuals whose excellence, leadership and volunteer efforts have significantly advanced the cybersecurity industry and contributed to our vision of inspiring a safe and secure cyber world.

301 nominations were submitted by members of the cybersecurity community to recognize their peers, a **67%** increase over 2023.

19 individuals and **5** chapters were honored at ISC2 Security Congress 2024 for their contributions to the field.



Giving Back

ISC2 relies on the commitment of our volunteers, who help us by writing exams and blogs, leading chapters, representing ISC2 in their communities and beyond, serving on the ISC2 Board of Directors and advisory councils, and more. Their efforts are essential in advancing the cybersecurity profession.

70,000 Member Volunteer Hours
Thank You!



Audited Financial Statements

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

**International Information System Security
Certification Consortium, Inc. and Subsidiaries**

December 31, 2024 and 2023

**Financial Statements
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of the
International Information System Security Certification Consortium, Inc. and
Subsidiaries:

Opinion

We have audited the consolidated financial statements of the International Information System Security Certification Consortium, Inc. and Subsidiaries (the "Consortium"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Consortium as of December 31, 2024 and 2023, and the changes in its net assets and its 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Consortium 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for one year after the date the consolidated 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 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 US 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 financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 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 Consortium'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium'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.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of activities for the year ended December 31, 2024 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US

GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Melville, New York
April 25, 2025

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 28,384,143	\$ 38,469,336
Accounts receivable	3,744,793	3,219,682
Certification receivables, less allowance for doubtful accounts of \$3,465,468 and \$4,091,000 in 2024 and 2023, respectively	1,153,010	866,435
Other receivables	689,892	836,850
Prepaid expenses	4,152,840	3,020,354
Total current assets	38,124,677	46,412,657
Property and equipment, net	6,500,960	5,152,310
Operating lease right-of-use assets	1,989,752	2,084,774
Investments	69,710,767	55,553,398
Examination question pool, net of amortization of \$4,857,000 and \$2,486,000 in 2024 and 2023, respectively	7,558,766	5,544,266
Other	545,067	777,332
Total assets	<u>\$ 124,429,990</u>	<u>\$ 115,524,737</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,235,737	\$ 10,839,538
Deferred revenue	34,766,040	30,857,137
Foreign tax accrual	1,862,880	1,388,589
Operating lease liabilities - current	519,666	340,765
Total current liabilities	46,384,324	43,426,029
Accrued scholarships - non-current	1,078	9,540
Deferred compensation	935,503	998,261
Operating lease liabilities - non-current	3,896,619	3,807,836
Total liabilities	51,217,524	48,241,666
Net assets		
Without donor restrictions		
Undesignated	12,212,466	13,220,633
Board designated operating reserves	61,000,000	54,000,000
Total net assets without donor restrictions	73,212,466	67,220,633
With donor restrictions	-	62,438
Total net assets	73,212,466	67,283,071
Total liabilities and net assets	<u>\$ 124,429,990</u>	<u>\$ 115,524,737</u>

The accompanying notes are an integral part of these consolidated financial statements.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions		
Operating support and revenue		
Educational services	\$ 26,275,063	\$ 25,178,051
Professional examinations	38,566,194	32,264,391
Certification renewal fees	28,690,157	24,187,424
In-kind contributions	2,284,750	1,844,450
Contributions	328,872	281,189
Investment return designated for current operations	2,107,726	1,968,046
Other revenue	35,254	80,300
Foreign currency exchange loss	(130,212)	(52,950)
Net assets released from restriction	<u>62,438</u>	<u>-</u>
Total operating support and revenue	<u>98,220,242</u>	<u>85,750,901</u>
Operating expenses		
Program services	53,012,213	51,085,057
Supporting services		
Administrative	41,675,107	44,373,532
Fundraising	<u>88,117</u>	<u>164,997</u>
Total operating expenses	<u>94,775,437</u>	<u>95,623,586</u>
Change in net assets without donor restrictions from operations	3,444,805	(9,872,685)
Other changes		
Investment return in excess of amounts designated for current operations	<u>2,547,028</u>	<u>4,341,403</u>
Change in net assets without donor restrictions	<u>5,991,833</u>	<u>(5,531,282)</u>
Change in net assets with donor restrictions		
Contributions	-	47,006
Net assets released from restriction	<u>(62,438)</u>	<u>-</u>
Change in net assets with donor restrictions	<u>(62,438)</u>	<u>47,006</u>
CHANGE IN NET ASSETS	5,929,395	(5,484,276)
Net assets at beginning of year	<u>67,283,071</u>	<u>72,767,347</u>
Net assets at end of year	<u><u>\$ 73,212,466</u></u>	<u><u>\$ 67,283,071</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2024

	Program Services	Supporting Services		
		Administrative	Fundraising	Total
Employee salaries and wages	\$ 17,680,943	\$ 14,916,260	\$ 33,075	\$ 32,630,278
Employee benefits and taxes	3,487,421	2,227,435	6,301	5,721,157
Total personnel costs	21,168,364	17,143,695	39,376	38,351,435
Educational services	9,266,282	17,412	22,621	9,306,315
Professional examinations	11,096,435	-	-	11,096,435
Marketing and communications	983,931	4,283,084	1,540	5,268,555
Bad debt expense	925	1,692,608	-	1,693,533
Bank fees	2,423,125	13,081	2,035	2,438,241
Computer licenses and support	4,722	6,983,591	1,200	6,989,513
Contract labor	442,505	483,590	-	926,095
Impairment of intangible assets	50,965	121	-	51,086
Membership development	80,728	-	-	80,728
Other	129,842	920,506	683	1,051,031
Professional fees	3,356,552	6,892,820	18,578	10,267,950
Rent	34,732	333,210	-	367,942
Scholarships	123,843	-	-	123,843
Supplies	60,243	116,854	212	177,309
Telephone and internet	2,883	82,551	-	85,434
Training	31,489	70,256	671	102,416
Travel	683,149	1,344,846	1,040	2,029,035
Total operating expenses before depreciation, amortization and taxes	49,940,715	40,378,225	87,956	90,406,896
Amortization	3,069,475	-	-	3,069,475
Depreciation	2,023	1,296,882	161	1,299,066
Total operating expenses	\$ 53,012,213	\$ 41,675,107	\$ 88,117	\$ 94,775,437

The accompanying notes are an integral part of this consolidated financial statement.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	Program Services	Supporting Services		
		Administrative	Fundraising	Total
Employee salaries and wages	\$ 16,244,505	\$ 14,726,361	\$ 26,849	\$ 30,997,715
Employee benefits and taxes	3,073,400	3,691,884	4,484	6,769,768
Total personnel costs	19,317,905	18,418,245	31,333	37,767,483
Educational services	8,427,418	17,989	21,537	8,466,944
Professional examinations	12,967,396	-	-	12,967,396
Marketing and communications	1,184,185	6,936,776	45,944	8,166,905
Bad debt expense	-	766,553	-	766,553
Bank fees	1,918,085	3,145	1,627	1,922,857
Computer licenses and support	28,347	6,820,186	1,200	6,849,733
Contract labor	627,968	192,153	-	820,121
Impairment of intangible assets	162,648	-	-	162,648
Membership development	243,591	-	-	243,591
Other	88,021	971,932	562	1,060,515
Professional fees	3,062,628	6,254,061	61,023	9,377,712
Rent	49,777	494,235	-	544,012
Scholarships	170,276	-	-	170,276
Supplies	30,879	141,179	40	172,098
Telephone and internet	2,247	149,344	-	151,591
Training	44,655	96,703	210	141,568
Travel	595,845	1,933,325	1,372	2,530,542
Total operating expenses before depreciation, amortization and taxes	48,921,871	43,195,826	164,848	92,282,545
Amortization	2,025,169	-	-	2,025,169
Depreciation	138,017	1,177,706	149	1,315,872
Total operating expenses	\$ 51,085,057	\$ 44,373,532	\$ 164,997	\$ 95,623,586

The accompanying notes are an integral part of this consolidated financial statement.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 5,929,395	\$ (5,484,276)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,368,541	3,341,041
Amortization of operating lease right-of-use assets	95,022	761,805
Provision for bad debts	1,693,533	766,553
Impairment of intangibles	51,086	162,648
Loss (gain) on disposal of assets	1,072	(12,715)
Realized and unrealized gains on investments	(2,547,028)	(4,341,403)
In-kind contributions	(2,284,750)	(1,844,450)
Decrease (increase) in operating assets:		
Accounts, certifications, and other receivables	(2,358,261)	133,890
Prepaid expenses	(1,132,485)	602,500
Other assets	232,264	(190,414)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(1,603,800)	3,427,736
Deferred revenue	3,908,903	3,967,790
Foreign tax accrual	474,291	312,788
Accrued scholarships	(8,462)	7,092
Deferred compensation	(62,758)	496,495
Operating lease liability	267,684	(759,269)
Net cash provided by operating activities	<u>7,024,247</u>	<u>1,347,811</u>
Cash flows from investing activities:		
Purchases of property and equipment	(2,648,788)	(3,937,328)
Question pool development costs	(2,850,312)	(2,594,185)
Purchase of investments	(39,132,980)	(32,506,739)
Proceeds from sale of investments	<u>27,522,640</u>	<u>30,389,737</u>
Net cash used in investing activities	<u>(17,109,440)</u>	<u>(8,648,515)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(10,085,193)</u>	<u>(7,300,704)</u>
Cash and cash equivalents at beginning of year	<u>38,469,336</u>	<u>45,770,040</u>
Cash and cash equivalents at end of year	<u><u>\$ 28,384,143</u></u>	<u><u>\$ 38,469,336</u></u>
Supplementary information:		
In-kind contribution of examination questions	<u><u>\$ 2,284,750</u></u>	<u><u>\$ 1,844,450</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 - ORGANIZATION

International Information System Security Certification Consortium, Inc. and Subsidiaries (collectively, the "Consortium") is a nonprofit organization organized in the state of Massachusetts. The Consortium establishes international standards of excellence within the field of information systems security and provides certifications to individuals in the profession. The Consortium also provides education and professional development services through in-person and online events, certificate programs, courses, seminars, workshops and more to provide cybersecurity professionals and their employers with the insights needed to stay ahead of the latest issues, trends, threats and best practices.

The accompanying consolidated financial statements include the accounts of International Information System Security Certification Consortium, Inc. ("ISC2") and its wholly-owned subsidiaries: International Information Systems Security Certification Consortium Limited, Hong Kong ("Hong Kong Company") and International Information Systems Security Certification Consortium Limited, United Kingdom ("UK Company"), as well as the Center for Cyber Safety and Education (the "Center"), International Information System Security Certification Consortium GmbH, Germany ("Germany Company") and International Information System Security Certification Consortium Pte Ltd. All intercompany transactions have been eliminated. The Hong Kong, UK, Germany and Singapore Companies were organized to enable business transactions in Hong Kong, the United Kingdom, Germany and Singapore, respectively. The Center was established exclusively for charitable purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America, which require the Consortium report information regarding its consolidated financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. The Board of Directors (the "Board") has designated a portion of net assets without donor restrictions as an operating reserve to fund future capital investments and other long-term needs.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Donor-imposed restrictions are temporary in nature and will be met either by the passage of time or the accomplishment of a purpose restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions. At December 31, 2024 and 2023, net assets with donor restrictions were \$0 and \$62,438, respectively, and were restricted for specific programs of the Center.

Cash and Cash Equivalents

The Consortium considers all short-term investments with original maturities of three months or less to be cash equivalents.

Certification and Accounts Receivable

Certification and accounts receivable are recorded at realizable value net of an allowance for credit losses. The allowance is estimated from historical performance and projection of trends. Accounts that are more

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

than 120 days past due are put on credit hold. Certification and accounts receivable are written off when deemed uncollectible. Certification and accounts receivable may be charged a fee for interest if the account remains in a delinquent status. Interest income is recorded upon billing.

Changes in the allowance for credit losses during the years were as follows:

	2024	2023
Balance, beginning of year	\$ 4,090,811	\$ 3,331,283
Bad debt expense	1,693,533	766,553
Write-offs	<u>(2,318,876)</u>	<u>(7,025)</u>
Balance, end of year	<u>\$ 3,465,468</u>	<u>\$ 4,090,811</u>

Prepaid Expenses

Prepaid expenses consist primarily of insurance premiums, software license agreements, and software maintenance. These items are expensed pro rata over the contract period in which the Consortium receives the benefits.

Property and Equipment

Property and equipment with an estimated life greater than one year are recorded at cost and depreciated using the straight-line method of depreciation over the estimated useful lives of the underlying assets. Acquisitions of property and equipment equal to or in excess of \$1,000 are capitalized.

Leases

The Consortium determines if an arrangement is a lease at inception. All of the Consortium's leases meet the criteria for classification as operating leases. Operating leases are included in operating lease right-of-use ("ROU") assets, and operating lease liabilities in the consolidated statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Consortium's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. As most of the Consortium's leases do not provide an implicit rate, the Consortium has used the incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Consortium uses the implicit rate when readily determinable. The operating lease ROU asset excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Consortium will exercise that option. Rent expense for lease payments is recognized on a straight-line basis over the lease term.

Assets Limited as to Use

As of December 31, 2024 and 2023, investments include assets limited as to use representing assets held by trustees for the Consortium's 457(b) and 457(f) deferred compensation plans as more fully described in Note 9.

Investments

Investments consisting primarily of mutual funds and money market funds are measured at fair value based on quoted market prices. Investments also include corporate and government bonds which are measured

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

at fair value based on quoted market prices in markets that may not be active. Gains and losses on fair value adjustments are recognized on the specific identification basis, net of investment expenses.

The Consortium's deferred compensation plan investments are measured at fair value on a recurring basis and consist primarily of mutual funds, corporate and government bonds, and money market funds.

Examination Question Pool

The examination question pool consists of costs for developing exam questions that are the basis for certification exams. Questions are used on a statistically determined rotating basis and are updated periodically to provide exams that are statistically unique. The question pool is being amortized on a straight-line basis over an estimated life of three years.

Impairment or Disposal of Long-Lived Assets

The Consortium reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Consortium assesses the recoverability of the cost of the asset based on a review of projected undiscounted cash flows. In the event an impairment loss is identified, it is recognized based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The Consortium recorded a loss from impairment of exam questions of \$51,086 and \$162,648 for the years ended December 31, 2024 and 2023, respectively.

Revenue Recognition and Operations

The Consortium derives revenue from educational services, professional examinations ("examinations" or "exams"), and certification renewal fees ("certification").

Educational services include revenues from seminar attendance fees, annual event attendance fees, and kit sales. The Consortium recognizes revenue for seminar attendance fees and annual event attendance fees when the service is provided to the customer, generally over the time period of the seminar or annual event. The Consortium has determined that over time recognition is appropriate because the customer receives and consumes the benefit of the services ratably over the days the seminar or annual event is held. The Consortium recognizes revenue for kit sales when the control of products has been transferred to the customer. The Consortium has determined that a point in time recognition is appropriate because the customer receives and consumes the benefit of the goods once control of the kit has been transferred to the customer.

Examination revenues include examinations and exam rescheduling fees. The Consortium recognizes examination revenue and exam rescheduling fees at a point in time when the examination has been completed by the applicant. The Consortium has determined that a point in time recognition is appropriate because the customer receives and consumes the benefit of the examination when the examination has been taken by the applicant.

Certification revenue includes fees earned from renewals of memberships and professional certifications. The Consortium recognizes certification revenue over the term of the membership. The Consortium has determined that over time recognition is appropriate because the customer receives and consumes the benefit of the certification over the term of the membership.

Deferred Revenue

Education service fees received in advance are deferred and recognized over the course of the training program. Professional examination fees and rescheduling fees received from certification applicants are deferred for revenue recognition purposes until the examination has been completed by the applicants.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Certification renewal fees covering future periods, for which payment has been received, are deferred and recognized as revenue over the period of membership.

Contributions

All contributions are reflected in net assets without donor restrictions or in net assets with donor restrictions based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as revenues in net assets with donor restrictions are reclassified to net assets without donor restrictions when the time or purpose restriction has been satisfied.

Donated Services

Donated services (in-kind contributions) are recognized if the services received (a) create or enhance an asset or (b) require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Unless otherwise noted, contributed services do not have donor-imposed restrictions.

For the years ended December 31, 2024 and 2023, the Consortium recognized contributed services provided by subject matter experts for the development of exam questions totaling \$2,284,750 and \$1,844,450, respectively. The value of the services and relating examination question pool assets is based on current rates for similar services.

Advertising

The Consortium uses external advertising resources. External advertising consists of promotions, publications, and internet advertising. The Consortium expenses advertising costs when incurred. Advertising costs incurred during 2024 and 2023 were \$4,357,760 and \$7,131,850, respectively, and are included in marketing and communications expense.

Income Taxes

The Consortium follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

ISC2 is exempt from federal income tax under IRC section 501(c)(6) and the Center under IRC section 501(c)(3), though the Consortium is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The Consortium has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Consortium has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Some foreign operations of the Consortium are subject to foreign income taxes. Foreign taxes are expensed when incurred. All income tax for the United Kingdom, Singapore, and German foreign operations has been estimated and accrued for fiscal years ending December 31, 2024 and 2023. The Consortium has net operating loss carryforwards of approximately \$5,611,205 in Hong Kong taxing jurisdictions as of December 31, 2024. The Consortium operates in countries where foreign taxes are not paid, so there may be additional foreign tax jurisdictions that may assess income taxes to the Consortium.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Use of Estimates

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

The most significant estimates include those used in determining the carrying value of the allowance for doubtful accounts, amortization life of examination question pool assets, in-kind contributions, and the foreign tax accrual. Although some variability is inherent in these estimates, management believes that the amounts presented are adequate.

Functional Allocation of Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area of the Consortium are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on the Consortium's square footage analysis for all indirect occupancy-related indirect costs.

Subsequent Events

The Consortium has evaluated subsequent events through April 25, 2025, the date the consolidated financial statements were available to be issued. The Consortium is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Consortium regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. The Consortium has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Consortium considers all expenditures related to its ongoing program activities as well as activities conducted to support those programs to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Consortium operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the accompanying consolidated statements of cash flows which identify sources and uses of the Consortium's cash and cash equivalents and show positive cash flows generated from operations for the years ended December 31, 2024 and 2023.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

As of December 31, 2024 and 2023, the Consortium's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 28,384,143	\$ 38,469,336
Accounts, certification and other receivables, net	5,587,695	4,922,967
Investments	69,710,767	55,553,398
	<hr/>	<hr/>
Total financial assets	103,682,605	98,945,701
Less amounts unavailable for general expenditure within the next 12 months due to:		
Contractual or donor-imposed restrictions		
Donor-restricted for specific purposes	-	(62,438)
Board-designations		
Operating reserves	(61,000,000)	(54,000,000)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures over the next 12 months	<u>\$ 42,682,605</u>	<u>\$ 44,883,263</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment and estimated useful lives consist of the following at December 31:

	2024	2023	Estimated Useful Lives
Computer equipment and software	\$ 4,806,401	\$ 4,256,230	3-5 years
Office equipment	427,618	429,093	3 years
Website	604,527	604,527	3 years
Furniture and fixtures	423,250	423,250	7-10 years
Leasehold improvements	1,512,371	1,197,523	7 years
	<hr/>	<hr/>	
	7,774,168	6,910,623	
Less accumulated depreciation	(4,279,459)	(3,297,555)	
Construction in process	3,006,252	1,539,242	
	<hr/>	<hr/>	
	<u>\$ 6,500,960</u>	<u>\$ 5,152,310</u>	

Depreciation expense for the years ended December 31, 2024 and 2023 was \$1,299,066 and \$1,315,872, respectively.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Consortium records fair value measurements according to accounting principles generally accepted in the United States of America, which define fair value and specify a hierarchy of valuation techniques. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Consortium's significant market assumptions. The Consortium measures investments at fair value on a recurring basis.

The following is a brief description of the types of valuation information (inputs) that qualify a financial asset for each level:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Consortium.
- Level 2 - Observable prices in active markets for similar assets or liabilities, prices for identical or similar assets or liabilities in markets that are not active, market inputs that are not directly observable but are derived from or corroborated by observable market data.
- Level 3 - Unobservable inputs based on the Consortium's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

Financial assets classified as Level 1 in the fair value hierarchy include mutual funds and money market funds in 2024 and 2023. These investments are traded on a daily basis in active markets and the Consortium estimates the fair value of these securities using unadjusted quoted market prices.

Corporate and government bonds are recorded as Level 2 in the hierarchy. The valuation of these bonds is based on quoted market prices in inactive markets.

A review of fair value hierarchy classification is conducted on an annual basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The Consortium evaluates the various types of financial assets to determine the appropriate fair value hierarchy classification based upon trading activity and the observability of market inputs. The Consortium employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

The following table sets forth by level, within the fair value hierarchy, the Consortium's assets at fair value as of December 31, 2024 and 2023:

Description	Fair Value Measurements at December 31, 2024		
	Assets Measured at Fair Value	Observable Inputs (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds			
Mid cap	\$ 82,579	\$ 82,579	\$ -
Small cap	4,251	4,251	-
Large cap	255,985	255,985	-
Stock index	1,536,950	1,536,950	-
Emerging markets	4,076,150	4,076,149	-
International	7,467,864	7,467,864	-
Equities - ETF	45,014,836	45,014,836	-
Real estate	2,047,629	2,047,629	-
Corporate bonds	6,156,822	-	6,156,822
Government bonds	2,741,498	-	2,741,498
Money market funds	326,203	326,203	-
	<u>\$ 69,710,767</u>	<u>\$ 60,812,447</u>	<u>\$ 8,898,320</u>

Description	Fair Value Measurements at December 31, 2023		
	Assets Measured at Fair Value	Observable Inputs (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds			
Mid cap	\$ 75,900	\$ 75,900	\$ -
Small cap	2,819	2,819	-
Large cap	131,827	131,827	-
Stock index	3,347,305	3,347,305	-
Emerging markets	2,669,670	2,669,670	-
International	6,624,715	6,624,715	-
Equities - ETF	32,945,480	32,945,480	-
Real estate	1,068,847	1,068,847	-
Corporate bonds	6,015,520	-	6,015,520
Government bonds	2,052,873	-	2,052,873
Money market funds	618,442	618,442	-
	<u>\$ 55,553,398</u>	<u>\$ 47,485,005</u>	<u>\$ 8,068,393</u>

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

NOTE 6 - CONCENTRATIONS

Credit Risk

The Consortium maintains cash balances at various banking institutions. The accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Cash balances in banks in excess of FDIC insured limits were approximately \$28.1 million at December 31, 2024 and \$38.2 million at December 31, 2023. These funds could be subject to loss if the financial institutions were to fail. Management believes the financial institutions are financially stable and that the funds are secure.

The functional currency of the majority of the Consortium's operations is the U.S. dollar; however, there are a number of transactions for which the Consortium is paid in foreign currency (British pounds or Euro).

The Consortium has included the following in cash and cash equivalents and accounts receivable, respectively at December 31:

		2024		
		Foreign Currency	Exchange Rate	U.S. Dollars
Cash				
	Funds in British pounds	£	667,202	1.26 \$ 838,473
	Funds in Euro	€	461,158	1.04 480,399
Accounts receivable				
	Funds in British pounds	£	395,010	496,410
	Funds in Euro	€	205,423	213,993
				<u>\$ 2,029,275</u>
		2023		
		Foreign Currency	Exchange Rate	U.S. Dollars
Cash				
	Funds in British pounds	£	746,585	1.27 \$ 948,238
	Funds in Euro	€	173,822	1.10 191,867
Accounts receivable				
	Funds in British pounds	£	134,441	1.27 170,754
	Funds in Euro	€	336,841	1.10 371,805
				<u>\$ 1,682,664</u>

Cash and receivables have been adjusted to reflect the current exchange rate of the U.S. dollar at December 31, 2024 and 2023. A risk of change in foreign currency rates will remain until the cash is converted to U.S. dollars or receivables are settled. This risk is not considered material to the Consortium's overall consolidated financial statements. Gains and losses that result from remeasurement are included in operating support and revenue within the accompanying consolidated statements of activities. The effects from foreign currency translation were losses of \$130,212 and \$52,950 during 2024 and 2023, respectively.

**International Information System Security Certification
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Accounts receivable at December 31, 2024 and 2023 include approximately \$1,168,790 and \$1,107,489, respectively, of receivables due from one significant customer.

Vendors

During 2024 and 2023, the Consortium utilized one vendor for a significant portion of operations related to test delivery. During 2024 and 2023, the Consortium paid this vendor approximately \$15.2 million and \$13.9 million, respectively. Approximately \$2,946,580 and \$1,244,000 was payable to this vendor as of December 31, 2024 and 2023, respectively.

NOTE 7 - VALUED-ADDED TAXES

The Consortium has recorded a liability for value-added tax for services sold in foreign countries. The bulk of services are sold through independent training partners, which insulate the Consortium from value-added tax exposure. However, there is a portion of services provided that are not provided through independent training partners and an accrual has been recorded as an estimate of tax exposure in these foreign countries. There may be additional foreign tax jurisdictions that may assess taxes to the Consortium.

In areas where the Consortium collects and remits tax, revenues are recorded net of tax.

The tax accrual for value added taxes at December 31 is as follows:

	2024	2023
United Kingdom value-added tax	\$ 337,684	\$ 188,589
Other unidentified foreign taxes	1,500,000	1,200,000
Singapore good and services tax	25,196	-
	<u>\$ 1,862,880</u>	<u>\$ 1,388,589</u>

As the Consortium continues to expand and to administer examinations and provide training in foreign countries, there will be tax exposure to the Consortium. Management is in a continual process of evaluating that exposure and has set aside a reserve of approximately \$1,500,000 and \$1,200,000 for unidentified tax liability at December 31, 2024 and 2023, respectively. While the Consortium believes that this reserve is sufficient to cover unidentified tax liabilities as of December 31, 2024 and 2023, there is the potential for additional unrecognized tax consequences.

NOTE 8 - 401(K) RETIREMENT PLAN

The Consortium sponsors a 401(k) retirement plan covering substantially all employees meeting certain service requirements. The Consortium makes discretionary safe harbor contributions which vest immediately. Contributions to the plan were \$1,201,884 and \$1,118,482 for the years ended December 31, 2024 and 2023, respectively.

NOTE 9 - 457 NON-QUALIFIED DEFERRED COMPENSATION PLANS

Effective November 15, 2015, the Consortium adopted a non-qualified Deferred Compensation Benefit Plan, as described in Section 457(b) of the Internal Revenue Code, for key management employees designated by the Board of Directors and Chief Executive Officer. The 457(b) plan operates on a calendar-year basis, whereby the participants are eligible to make contributions to the accounts up to a maximum

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

amount mandated by the Internal Revenue Code. The funds set aside for the 457(b) plan remain assets of the Consortium, and are available to satisfy the claims of all general creditors of the Consortium until such time as the participant withdraws the funds in accordance with plan provisions.

Effective June 1, 2021, the Consortium adopted a non-qualified Deferred Compensation Benefit Plan, as described in Section 457(f) of the Internal Revenue Code, for key managerial and highly compensated employees. For the 457(f) plan, an annual discretionary contribution is made on the participants' behalf under Code Section 457(f). The amount is maintained on the Consortium's books in a designated account and will remain the sole property of the Consortium and is available to satisfy the claims of all general creditors of the Consortium. The participants shall have a fully vested, nonforfeitable interest in their deferred compensation if the Consortium dissolves or if the participant (1) dies; (2) becomes disabled; or (3) is terminated from employment for reasons other than for cause.

As of December 31, 2024, the assets and corresponding liabilities of the 457(b) and 457(f) plans in the amount of \$613,608 and \$321,895, respectively, are recorded in investments and deferred compensation in the accompanying consolidated statement of financial position. As of December 31, 2023, the assets and corresponding liabilities of the 457(b) and 457(f) plans in the amount of \$434,583 and \$563,678, respectively, are recorded in investments and deferred compensation in the accompanying consolidated statement of financial position.

NOTE 10 - OPERATING LEASES

The Consortium has one lease for office space that expires November 2034. Lease extension and termination options have not been included in the operating lease liability calculation as the Consortium does not consider it to be reasonably certain that those options will be exercised. The lease does not include any restrictions or covenants. The Consortium accounts for lease and non-lease components as a single lease component and as such, there may be variability in future lease payments as the amount of non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities and real estate taxes that are passed on from the lessor in proportion to the space leased, are not included in the recognition of ROU assets and related lease liabilities. These variable lease payments are recognized in the period in which the obligation for those payments was incurred.

Lease expense was comprised of the following for 2024 and 2023:

	2024	2023
Lease costs		
Operating lease costs	\$ 336,904	\$ 975,394
Short-term lease costs	31,038	71,658
Variable lease costs	-	79,300
	<u>\$ 367,942</u>	<u>\$ 1,126,352</u>

As of December 31, 2024 and 2023, the weighted average remaining lease term for operating leases was 10 years. The weighted average discount rate as of December 31, 2024 and 2023 were 4.65% and 5.5%, respectively, based on the Consortium's incremental borrowing rate.

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Maturities of operating lease liabilities are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 519,666
2026	532,658
2027	545,974
2028	559,624
2029	573,614
Thereafter	<u>3,035,957</u>
Total lease payments	5,767,493
Less: imputed interest	<u>(1,351,208)</u>
Present value of operating lease liabilities	4,416,285
Less: current portion of operating lease liabilities	<u>519,666</u>
Operating lease liabilities, less current portion	<u><u>\$ 3,896,619</u></u>

Additional information about the Consortium's leases is as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in measurement of operating lease liabilities	\$ 381,765	\$ 761,805

The Consortium also has lease agreements for various office equipment and office space that are payable on month-to-month terms.

NOTE 11 - FUTURE AMORTIZATION OF INTANGIBLE ASSETS

Intangible assets at December 31, 2024 consist of examination question pool costs. The estimated future amortization expense for these intangible assets is as follows:

<u>Year Ending December 31,</u>	
2025	\$ 3,638,524
2026	2,700,618
2027	<u>1,219,624</u>
	<u><u>\$ 7,558,766</u></u>

NOTE 12 - CONTINGENCIES

From time to time the Consortium is involved in legal matters that arise in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will have a material impact on the Consortium's consolidated financial position or change in net assets.

SUPPLEMENTAL SCHEDULE

**International Information System Security Certification
Consortium, Inc. and Subsidiaries**

CONSOLIDATING SCHEDULE OF ACTIVITIES

Year ended December 31, 2024

	<u>Consortium</u>	<u>Center</u>	<u>Eliminations</u>	<u>Total</u>
Changes in net assets without donor restrictions				
Operating support and revenue				
Educational services	\$ 26,275,063	\$ -	\$ -	\$ 26,275,063
Professional examinations	38,566,194	-	-	38,566,194
Certification renewal fees	28,690,157	-	-	28,690,157
In-kind contributions	2,284,750	-	-	2,284,750
Contributions	-	928,872	(600,000)	328,872
Investment return designated for current operations	2,107,726	-	-	2,107,726
Other revenue	35,254	-	-	35,254
Foreign currency exchange loss	(130,167)	(45)	-	(130,212)
Net assets released from restriction	-	62,438	-	62,438
	<u>97,828,977</u>	<u>991,265</u>	<u>(600,000)</u>	<u>98,220,242</u>
Operating expenses				
Program services				
Certification programs	52,341,887	-	-	52,341,887
Scholarship programs	-	325,495	-	325,495
Safe and Secure program	-	164,521	-	164,521
1MCC program	-	33,209	-	33,209
Outreach program	-	147,102	-	147,102
Supporting services				
Administrative	41,538,877	136,230	-	41,675,107
Fundraising	-	88,116	-	88,116
	<u>93,880,764</u>	<u>894,673</u>	<u>-</u>	<u>94,775,437</u>
Change in net assets without donor restrictions from operations	3,948,213	96,592	(600,000)	3,444,805
Other changes				
Investment return in excess of amounts designated for current operations	2,547,028	-	-	2,547,028
Change in net assets without donor restrictions	6,495,241	96,592	(600,000)	5,991,833
Change in net assets with donor restrictions				
Net assets released from restriction	-	(62,438)	-	(62,438)
Change in net assets with donor restrictions	-	(62,438)	-	(62,438)
CHANGE IN NET ASSETS	6,495,241	34,154	(600,000)	5,929,395
Net assets at beginning of year	67,641,997	241,074	(600,000)	67,283,071
Net assets at end of year	<u>\$ 74,137,238</u>	<u>\$ 275,228</u>	<u>\$ (1,200,000)</u>	<u>\$ 73,212,466</u>

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.



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