

(ISC)<sup>2</sup><sup>®</sup>



# 2020 ANNUAL REPORT



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# Global Membership

**157,417** Members **174** Countries

North America  
**106,618**

EMEA  
**27,846**

Latin America  
**1,612**

APAC  
**21,341**

**(ISC)<sup>2</sup> Surpassed** 20,000 Members in Asia-Pacific

**4,297** Associates of (ISC)<sup>2</sup> worldwide

(ISC)<sup>2</sup> membership as of December 31, 2020

# About (ISC)<sup>2</sup>

(ISC)<sup>2</sup> is an international nonprofit membership association focused on inspiring a safe and secure cyber world. Best known for the acclaimed Certified Information Systems Security Professional (CISSP®) certification, (ISC)<sup>2</sup> offers a portfolio of credentials that are part of a holistic, pragmatic approach to security. Our membership is made up of certified cyber, information, software and infrastructure security professionals who are making a difference and helping to advance the industry. Our vision is supported by our commitment to educate and reach the general public through our charitable foundation – [The Center for Cyber Safety and Education™](#).



## Thriving Online Ecosystem

Members, Associates of (ISC)<sup>2</sup>, certification candidates and others interested in advancing cybersecurity are engaging online. Join the conversation.

**18.5 Million**

Page Views

[www.isc2.org](http://www.isc2.org)

**31,000+**

Community Members

[community.isc2.org](http://community.isc2.org)

**970,000**

Page Views

[community.isc2.org](http://community.isc2.org)

**192,000+**

Blog Views

[blog.isc2.org](http://blog.isc2.org)

**690,000+**

Webinar Views

[www.isc2.org/webinars](http://www.isc2.org/webinars)

**150,914**

LinkedIn Connections

**62,767**

Twitter Followers

**21,135**

Facebook Followers

# Governance

Elected by (ISC)<sup>2</sup> members, the (ISC)<sup>2</sup> Board of Directors is comprised of information security professionals from around the world representing academia, private organizations and government agencies. All volunteers and (ISC)<sup>2</sup> certified, the Board provides governance and oversight for the organization, grants certifications to qualifying candidates and enforces adherence to the (ISC)<sup>2</sup> Code of Ethics.

## 2020 (ISC)<sup>2</sup> Board of Directors

Chairperson – Dr. Kevin Charest, CISSP (U.S.)

Dr. Earl Crane, CISSP (U.S.)

Vice Chairperson – Zachary Tudor, CISSP (U.S.)

Arthur R. Friedman, CISSP (U.S.)

Secretary – Lori Ross O’Neil, CISSP (U.S.)

SC Leung, CISSP, CISA, CBCP (Hong Kong)

Treasurer – Tony Cole, CISSP, SSCP (U.S.)

David Melnick, CISSP (U.S.)

Gabriel Bergel, CISSP (Chile)

David Mussington, Ph.D., CISSP (U.S.)

Biljana Cerin, CISSP (Croatia)

Yiannis Pavlosoglou, CISSP (Greece)

Aloysius Cheang, CISSP (United Arab Emirates)



WEBINARS

## Webinar Program Expansion

166 webinar events were created and executed in 2020, as the global program continues to expand with both sponsored vendor sessions and (ISC)<sup>2</sup> thought leadership content.

- 690,000 views
- 396,000+ CPE credits earned

[View Webinars](#)

# Letter to Members

## Resilience and Growth

To our (ISC)<sup>2</sup> members,

Thank you.

All around the globe, 2020 was a year filled with challenge. We will never be able to bring back the lives lost by the COVID-19 pandemic, but we can recognize and thank the everyday heroes, such as yourselves, who helped millions of workers navigate new ways of working a little more easily and kept the systems, information and data of individuals, governments and businesses safe and secure.

Thank you.

When I joined (ISC)<sup>2</sup> as its new CEO in October, the year had already been quite eventful.

Due to the rapid spread of the COVID-19 pandemic, all (ISC)<sup>2</sup> global offices had been shut down by mid-March. Our staff seamlessly transitioned to remote work, which enabled us to fully focus on maintaining service levels for members and candidates during challenging times.

We supported candidates by extending exam vouchers, waiving cancellation and rescheduling fees, and providing easy access to the latest news on exam center availability.

We supported our members through delivery of high quality continuing professional education. This became even more important as you dealt with ever-increasing threat vectors and adapted to the challenges of working remotely while losing both the ability to travel and training budgets. In response, we ramped up our efforts to increase accessibility of all our professional development resources that are available to members every day online, and it worked.



Webinar participation spiked more than 67% year-over-year, reaching a record 693,500 views and resulting in more than 396,000 CPE credits earned. By year's end, members had earned more than 250,000 CPE credits through Professional Development Institute courses — a total educational value of more than U.S. \$20 million.

Another impactful way we supported you was by delivering our annual (ISC)<sup>2</sup> Security Congress virtually and at special discounted pricing. A record 5,700 attendees from around the world logged on to participate in the largest-ever Security Congress. From the 45+ expert sessions to the outstanding keynote addresses and our Networking and Engagement Center, (ISC)<sup>2</sup> members earned nearly 85,000 CPE credits combined in three days of best-practice sharing.

Despite all the challenges, we continued to grow as an association, reaching yet another membership milestone of 157,449 members globally. Most notably we surpassed 20,000 members in APAC, and 27% annual growth of CCSP for a total of 8,776 certification holders. In 2020, we continued to invest in your brand and reputation through global recognition efforts that align your certifications with authoritative cybersecurity frameworks to help ensure the relevancy and value of your certifications.

We also published the Cybersecurity Workforce Study and other original research. These important programs provide insights into the cybersecurity profession and help us increase the visibility of (ISC)<sup>2</sup>, our members and our certifications.

You'll find more details of our 2020 successes in the following report along with our full audited financial statements. While we fell short of our budgeted revenue projections due to the pandemic, strong expense management and financial oversight ensured we had a net positive bottom line, and we are poised to continue investing for the benefit of our membership. (ISC)<sup>2</sup> is well positioned from a financial standpoint, and I look forward to what we will achieve together.

I thank you for your steadfast support of our vision of inspiring a safe and secure cyber world.

Sincerely,

**Clar Rosso, CEO**



# Exam Updates

## Keeping Exam Content Fresh

(ISC)<sup>2</sup> examinations follow a rigorous, methodical process in order to maintain the integrity of our certifications. Exams are routinely updated to ensure the credentials – and subsequent continuing professional education requirements – encompass relevant topic areas as well as up-to-date practices and technologies relevant to the roles and responsibilities of today's cybersecurity professional.

In 2020, (ISC)<sup>2</sup> published domain refreshes for three of our certifications:

- CSSLP – September 2020
- CISSP-ISSAP – October 2020
- CISSP-ISSEP – November 2020

Exam changes are derived from a process called the Job Task Analysis (JTA). The JTA provides the essential foundation for all our certifications and are a vital part of the process to shaping the exams. Certified (ISC)<sup>2</sup> members map the job tasks they are performing day-to-day to the content of our exam domains and subdomains. This ensures the exam content remains relevant to professionals immersed in this dynamic, demanding and ever-evolving industry.

We hosted 45 item development workshops, in which members volunteered their time to develop exam items to be considered for inclusion on future examinations. Historically, these workshops took place over the course of a week with face-to-face engagement from all volunteers. Following the impact of the COVID-19 pandemic, these workshops were shifted to a virtual format.



## New Exam Resource Center

We made it easier for exam candidates to find all the exam procedures and policies they need to know about during their journey to certification and membership. From scheduling exams and creating an account with Pearson VUE – our global partner for exam administration – to what candidates can expect on the day of their exam, how the exams are scored and much more.

We organized all the policies, agreements, procedures and helpful assets that guide candidates throughout the exam process at [www.isc2.org/Exams](http://www.isc2.org/Exams).



# Member Engagement

## Enhanced Member Connections

2020 brought exciting updates to our website and online Community to make it easier for members to discover the valuable professional development, CPE opportunities and other benefits available to them.

## Value of Membership

Start your journey through our member resources at [www.isc2.org/Membership](http://www.isc2.org/Membership) to discover continuing education, benefits and perks, tool for managing your membership, easy access to member policies and more.

## Manage Your Membership

Quickly access useful links, tool and resources to submit CPE credits, check your account status, secure digital badges, locate our member verification tool and more. [www.isc2.org/Membership/manage-membership](http://www.isc2.org/Membership/manage-membership)

## CPE Opportunities

Easily spot all the free CPE opportunities available to you through (ISC)<sup>2</sup> and our partners. We make it easy for you to find webinars, PDI courses, volunteer opportunities and other avenues for you to reach your development goals.

[www.isc2.org/Membership/CPE-Opportunities](http://www.isc2.org/Membership/CPE-Opportunities)

### (ISC)<sup>2</sup> Gets New Leadership

Clar Rosso was appointed CEO of (ISC)<sup>2</sup> in August, bringing decades of association leadership experience, and replacing David Shearer in the top executive role.

[Read More](#)



Clar Rosso's appointment announcement displayed on Times Square digital billboard (August 28, 2020)

## Engage, Volunteer and Grow

Earning your certification is just the beginning. Make the most of your membership by taking advantage of engagement opportunities like exam writing, Security Congress, Chapters, Community and blogging.

[www.isc2.org/Membership/Volunteer-Grow](http://www.isc2.org/Membership/Volunteer-Grow)

## Perks and Resources

Discover exclusive discounts and perks. You'll find offers ranging from savings on textbooks and materials to third-party partner discounts. [www.isc2.org/Member-Resources/Exclusive-Benefits](http://www.isc2.org/Member-Resources/Exclusive-Benefits)

## A Thriving Community

We launched an extensive refresh of the online Community in 2020. Many enhancements were made, including an updated look and feel, new discussion areas, revised Community guidelines, video tour, and renewed engagement and partnership with users.

Additionally, with the COVID-19 pandemic, many chapters struggled with the inability to meet face-to-face. The launch of Chapter Groups on the Community enabled chapters to create their own spaces for virtual engagement, discussion, collaboration and best practice sharing.

The Community is home to more than **31,000 members** and generated more than **970,000 page views** in 2020. (ISC)<sup>2</sup> members and candidates are actively engaging in a wide array of cybersecurity and profession development discussions. Join the conversation at [community.isc2.org](http://community.isc2.org).

### CCSP Translated into Japanese

The CCSP certification exam was made available in Japanese beginning April 1, 2020. Additionally, the first Japanese-language CCSP courseware was made available for candidates preparing for the exam. These translation initiatives recognize the importance Japan plays in cybersecurity, combating cybercrime and the demand that exists there for cloud security skills. [Read More](#)

The CCSP logo is displayed in white text on a light blue rounded square background. The letters 'CCSP' are in a bold, sans-serif font, with a registered trademark symbol (®) to the upper right of the 'P'.

# Education

## Delivering More Learning Opportunities

PDI fulfilled its promise to provide member value in a year when in-person educational opportunities were scarce. The online, on-demand nature of the PDI portfolio kept our members and associates up to speed on the latest emerging trends in cybersecurity. The catalogue of courses was also expanded, bringing the total to 40 robust learning opportunities.

The portfolio includes three course formats:

- **Immersive Courses** are in-depth explorations on a single topic
- **Labs** are hands-on courses that enable students to practice specific technical skills
- **Express Learning Courses** are short courses for busy professionals

New topic areas addressed by PDI through new course offerings in 2020 included:

- Practical Risk Analysis
- Utilizing Big Data
- Ethics and Artificial Intelligence
- Security Analysis with SPARTA

PDI also translated its first course into Spanish (Security Professionals Guide to AI) with more translations to come in 2021.

While the availability of our PDI courses was a boon for members in 2020, the team also has a keen understanding about the importance of refreshing content based on learner input and changes in the cybersecurity landscape. We constantly review the curricula for quality and relevancy. In 2020, we refreshed the material in several existing courses, including: Introduction to AI, Communicating with the C-Suite, Mobile Security From Every Angle and Assessing Application Security.

27% of global members and associates have now enrolled in a PDI course, with **52,722 courses completed** and **164,366 CPE credits earned** in 2020 alone.



# New Curriculum

As soon as exam updates are announced, the (ISC)<sup>2</sup> Education team works with its subject matter experts to ensure our courses, textbooks, study aides and other materials align as closely as possible with revised (ISC)<sup>2</sup> exam outlines. From self-paced to online or in-person instructor-led, (ISC)<sup>2</sup> has an education option that fits each candidate's schedule and learning style.

In 2020, (ISC)<sup>2</sup> Education introduced the following new and revised courses:

**CAP**  
Certified Authorization Professional  
An (ISC)<sup>2</sup> Certification

**NEW** CAP classroom-based and online instructor-led courses.

**CSSLP**  
Certified Secure Software Lifecycle Professional  
An (ISC)<sup>2</sup> Certification

**NEW** CSSLP classroom-based and online instructor-led courses.

**CISSP**  
Certified Information Systems Security Professional  
An (ISC)<sup>2</sup> Certification

**ISSAP** Architecture

**NEW** ISSAP self-paced course.

**CISSP**  
Certified Information Systems Security Professional  
An (ISC)<sup>2</sup> Certification

**ISSEP** Engineering

**NEW** ISSEP self-paced course.



## Professional Development Institute

"I'm currently doing this free course from (ISC)<sup>2</sup>! Really eye opening so far in terms of how to plan one's career. Definitely recommended for anyone in cybersecurity looking for direction on building a path/goal for your career!"

Joe Cozzupoli, CISSP,  
Principal Security Specialist, Citrix

# Security Congress

## First Virtual Event

Facing a global pandemic, (ISC)<sup>2</sup> Security Congress had to be reimaged for 2020. As our first virtual conference, it also became our largest cybersecurity education conference ever with more than **5,700 attendees**. The November event provided 45+ expert sessions and the same high-profile keynote speakers attendees have come to expect.

More than **83,000 CPE credits** were earned by members who attended Security Congress, making it a great learning opportunity in a year when those became more difficult to find.

In addition to learning about topics such as Application Security, ICS/Critical Infrastructure, Incident Response and other industry-related tracks, attendees heard from inspiring keynote speakers who challenged attendees to think differently.



**Bruce Schneier**

Renowned Security  
Technologist And  
Best-Selling Author



**Juliette Kayyem**

Former Assistant Secretary  
at the Department  
of Homeland Security



**Graham Cluley**

Cybersecurity Expert

(ISC)<sup>2</sup> Security Congress offered an online Networking and Engagement Center that provided many avenues for peer engagement and professional development. This included five virtual lounges, interactive gaming activities like bingo, panopoly and an escape room. This is in addition to the traditional offerings of an Expo Hall, a Career Center and a Bookstore, all hosted in a virtual environment.

[View the \(ISC\)<sup>2</sup> Security Congress 2020 highlights.](#)





(ISC)<sup>2</sup>

# SECURITY CONGRESS

## Attend (ISC)<sup>2</sup> Security Congress

Take advantage of the powerful collaboration that you can only find at a conference of your peers.

- Expert Speakers
- Inspiring Keynotes
- Latest Security Trends
- Solving Challenges
- Recognizing Excellence
- Earn CPE Credits

Learn more at [www.isc2.org/congress](http://www.isc2.org/congress).



# 83,000

CPE credits earned at Security Congress 2020

# Honoring Industry Excellence

## Global Achievement Awards

In August, (ISC)<sup>2</sup> announced the list of honorees for its 2020 [\(ISC\)<sup>2</sup> Global Achievement Awards](#), which recognize and celebrate the most outstanding annual and lifetime achievements in the field of cybersecurity. Recipients were also highlighted throughout the virtual [2020 Security Congress](#) in November. Congratulations to the following [honorees](#):



(ISC)<sup>2</sup> GLOBAL  
Achievement Awards

## (ISC)<sup>2</sup> Global Achievement Awards

### • The (ISC)<sup>2</sup> Senior Professional Award

- From North America: **Jack Freund, CISSP, CISSP-ISSMP**, head of cyber risk methodology at Cyber Assessments, Inc.
- From Asia-Pacific: **Troy Hunt**, founder, Have I Been Pwned
- From EMEA: **Dr. Katalin Szenes, CISSP**, security and audit consultant

### • The (ISC)<sup>2</sup> Mid-Career Professional Award

- From North America: **Lieutenant Kim Do, CISSP**, information systems and communications officer for the U.S. Navy
- From Asia-Pacific: **Dongyoung Roh**, senior researcher at The Affiliated Institute of Electronics and Telecommunications Research Institute

### • The (ISC)<sup>2</sup> Rising Star Professional Award

- From North America: **Katia Dean**, system engineer, Anavation LLC and founder, Katia's Cylife

### • The (ISC)<sup>2</sup> Government Professional Award

- From North America: **Darcy Saint-Amant, CISSP**, Colonel, U.S. Army
- From EMEA: **Yuval Segev**, director audit & methodology, Israel National Cyber Directorate

## (ISC)<sup>2</sup> Recognized by Australian Women in Security Network

(ISC)<sup>2</sup> was honored with an award for Best Security Certification Provider among the Australian IT Security, Cyber, Protective Security and Resilience industry for inspiring young women and men to consider a career in the sector. The award was accepted virtually by (ISC)<sup>2</sup> CEO Clar Rosso [Read More](#)



## (ISC)<sup>2</sup> Board Awards

- The **(ISC)<sup>2</sup> Harold F. Tipton Lifetime Achievement Award** was awarded to **Yves Le Roux, CISSP**, from France
- The **Fellow of (ISC)<sup>2</sup> Award** was awarded to **Bonnie Butlin**, co-founder and executive director of the Security Partners' Forum (SPF)
- The **James R. Wade Service Award** was awarded by the (ISC)<sup>2</sup> Board of Directors to **Hymavathi Pandyaram**, an identity management specialist with Nulli – Identity Management in Canada and an active member of the (ISC)<sup>2</sup> Alberta Chapter in the Edmonton community
- The **(ISC)<sup>2</sup> Diversity Award** was presented to **Kristin Paget**, AKA "Hacker Princess" currently in the security department at Intel

## (ISC)<sup>2</sup> CEO Award

- **Yves Le Roux, CISSP**, security and privacy expert
- **James Packer, CISSP, CCSP**, head of information security, EF Education First

## (ISC)<sup>2</sup> Chapter Recognition Awards

- **North America** – Northern Virginia Chapter
- **Asia-Pacific** – Chennai, India Chapter
- **EMEA** – Nigeria Chapter
- **LATAM** – Peru Chapter

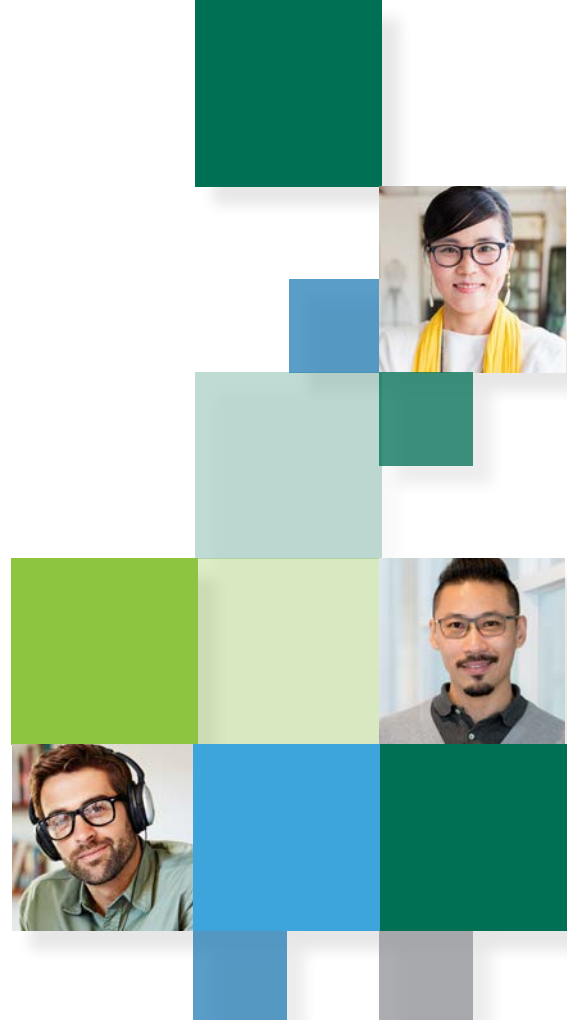
(ISC)<sup>2</sup> would like to thank the Global Achievement Awards judging committees and the Chapter Advisory Council for their help in the selection process. A full list of awards committee members can be found [here](#).

A special thanks also goes out to the members of the 2020 (ISC)<sup>2</sup> Board of Directors who judged the Board Awards, including Gabriel Bergel, CISSP; Dr. Earl Crane, CISSP; Biljana Cerin, CISSP; SC Leung, CISSP, CCSP; Lori Ross O'Neil, CISSP and Yiannis Pavlosoglou, CISSP.

## Rising Interest for CCSP

Dr. Casey Marks, CPO, was interviewed about the popularity of the CCSP and the importance of professionalizing cloud security with so many vendor certificates in the market.

[Read More](#)



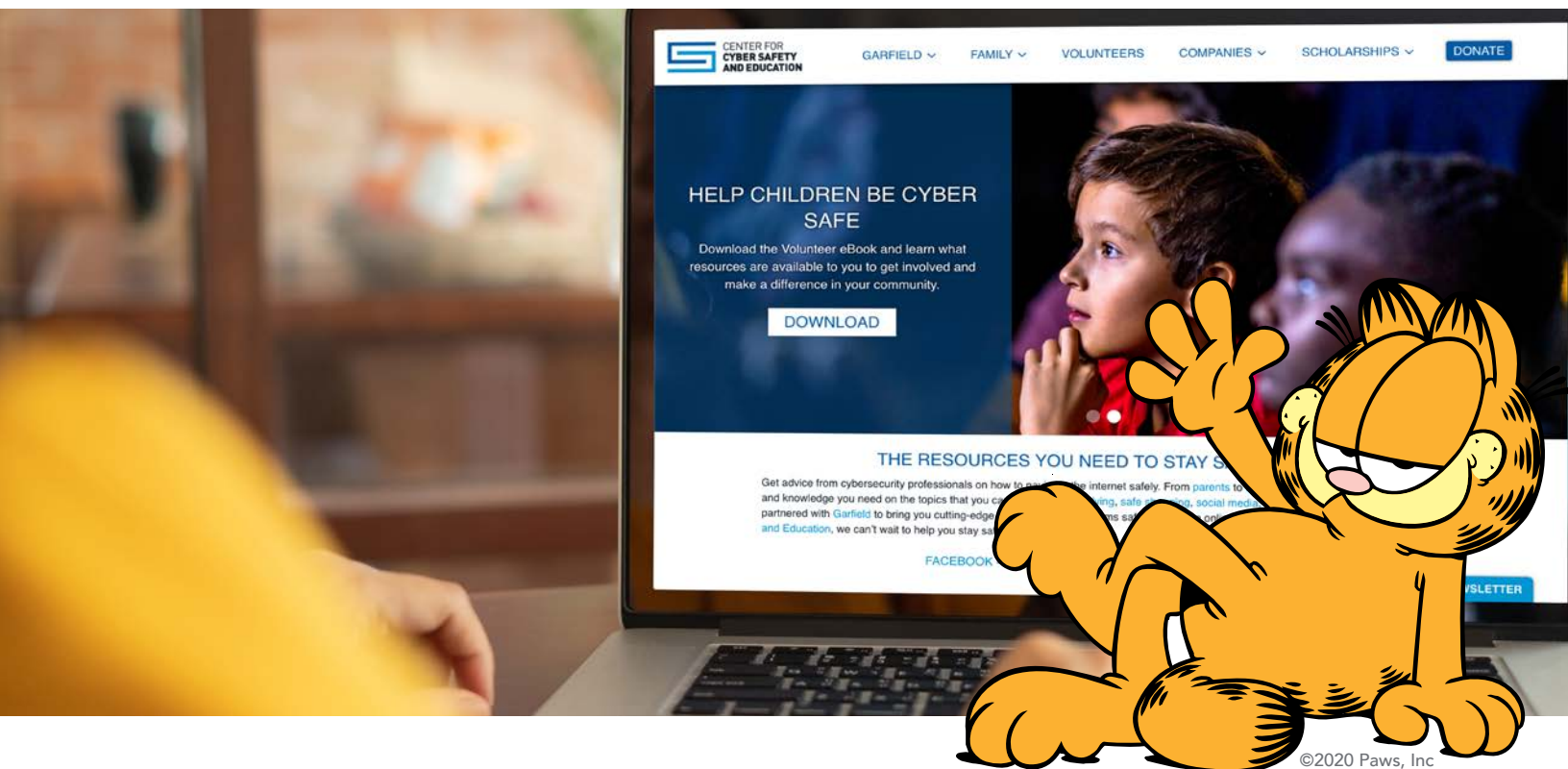


# Center Update

## Members Giving Back, Pandemic Drives Demand for Information

Despite all the turmoil in the world, 2020 was still a very good year for our charitable foundation, the [Center for Cyber Safety and Education](#) (Center). In fact, the shift to working and learning at home created new interest from parents and businesses alike as they searched for ways to operate safely in this new environment. This created a 300% increase in traffic to the Center's website and a record 89 media appearances as people searched for information and tips. Members and volunteers were able to handle the increase in demand because the Center's delivery model is conducive to easy adaptation to virtual lessons and trainings. Members and volunteers quickly transitioned from in-person training to virtual and downloaded 1,487 presentations in some 24 languages. This drove a **43% increase** in Safe and Secure Online lessons that our volunteers delivered to children, parents and senior citizens in 2020.

Despite the pandemic, the multi-award-winning [Garfield's Cyber Safety Adventures](#) programs continued to reach younger children with basic cyber safety lessons. The closures of schools around the world required us to pivot from a physical classroom-based program to a virtual one. This led to the development and release of two new versions of the program, [Garfield at Home](#) and Garfield Virtual for the Classroom. The various methods of accessing fun and interactive Garfield programs allowed the Center to deliver **59,793 safety lessons to young children in 2020**. While this is down from last year's record 100,000+ lessons, the Garfield programs continue to be a hit and will be instrumental in growing the program in 2021 and beyond.



©2020 Paws, Inc

## Cyber Safety Days Set Record

Cyber Safety Days have become a growing way to reach more and more children, with events taking place in Tampa, New Orleans, St. Louis, New York City and Orlando in 2020. Utilizing both the in-person Educator Kit and the new Garfield Virtual for the Classroom, a record **17,481 elementary school children** in 800 classrooms among **148 schools** received an internet safety lesson from Garfield on Cyber Safety Days.

This initiative is a one-day event in which businesses, schools and whole communities join forces and ensure elementary school children in their community receive the awareness and tools to become responsible digital citizens. Thanks to the sponsorship of corporate partners, schools receive these materials free of cost. The Center is looking to expand the program in 2021 to more cities around the world.

## More Honors

The Center for Cyber Safety and Education continues to be recognized for its work and programs. In 2020, the Center received the **Modern Library Award** and the **Top-Rated Nonprofit Award** from **Great Nonprofits**. This brings the total to eight national recognitions the Center has earned over the last three years.

## Cybersecurity Scholarships

In 2020, a total of 68 **scholarships** were awarded to graduate and undergraduate students, women and veterans, totaling U.S. \$208,300 in financial aid worldwide. 49% of those recipients were women and 51% men. KnowBe4 joined SAIC, Raytheon and (ISC)<sup>2</sup> in awarding scholarships this year including our first ever KnowBe4 Black Americans in Cybersecurity Scholarship.

Since the Center started awarding scholarships in 2011, (ISC)<sup>2</sup>, along with our partners, have provided nearly U.S. \$1.6 million in aid to help foster the next generation of qualified cybersecurity professionals.

## Financial Responsibility

As a separate fund of (ISC)<sup>2</sup>, the Center is responsible for raising all funds needed each year to deliver its programs. We achieve this largely through fundraising and sponsorships, and we continually explore fresh opportunities to raise funds that support our growth and program development. In 2020, we brought in total revenue of U.S. \$879,894, with expenses of U.S. \$817,706. The Center is very proud to report that we invested 85% of the funds we raised into programs, while we applied approximately 8% toward fundraising and 8% toward administrative expenses, which is well above industry standards. We are committed to complete fiscal transparency. In fact, the Center was awarded the prestigious **GuideStar Platinum Seal of Transparency Award** for its commitment to open and transparent fiscal operations.

More information on the Center and the great work it does can be found at [www.IAmCyberSafe.org](http://www.IAmCyberSafe.org).

# Research & Advocacy

## Your Voice in the Industry

Whether educating policymakers about key security issues, promoting the necessity of a competent cybersecurity workforce or building awareness about cybersecurity as a rewarding career path, (ISC)<sup>2</sup> works hard to represent our membership every day as we collectively strive toward achieving our vision of inspiring a safe and secure cyber world. (ISC)<sup>2</sup> original research fuels discussions across the industry about the state of the industry and challenges commonly held beliefs about who cybersecurity professionals are, what they want and how to attract and create more of them.

## Forging New Partnerships

The pandemic of 2020 did not put a stop to the expansion of (ISC)<sup>2</sup> partnerships with industry associations and government agencies. It only changed the way in which we engaged. The team continued to positively influence cybersecurity policies and ensure that investment in cybersecurity personnel is high on the list of budget priorities.

In the first quarter alone, we announced four new partnerships with entities in Asia-Pacific, including a Memorandum of Understanding signed with the Tokyo Metropolitan Police Department which enables the police force to train officers from across Japan using the highest quality cybersecurity content. Also in Japan, a strategic alliance was expanded with NTT-AT, which will require the CCSP certification for certain security roles within the organization.

Partnerships were also signed with the Australian Security Industry Association Limited (ASIAL), the Australian Information Security Association (AISA) and (ISC)<sup>2</sup> certifications were recognized as relevant credentials by the Australian Signals Directorate (ASD) as part of the Australian Government's Cyber Skills Framework. By December, the Asia-Pacific region had reached a milestone by surpassing 20,000 members.

The EMEA team continued its work with the UK Cyber Security Council as part of a successful bid the previous year for a grant opportunity with the Department for Digital, Culture, Media and Sport (DCMS). The Council, which is set to commence operations in April 2021, will focus on professional development, professional ethics, thought leadership and influence, along with outreach and diversity in cybersecurity to develop the next generation.

In Latin America, a strategic partnership was also forged with the Ministry of the Interior and Public Security in Chile, which is becoming one of the most mature and fastest growing countries in the region for cybersecurity expertise and recognition.

In May, U.K. NARIC, a national agency that compares international qualifications and skills, recognized the CISSP certification, further validating the achievement of CISSP-certified professionals in their career progression. The team is also actively involved in several working groups of the Digital Policy Alliance, sharing expertise and insight through participating in groups focused on digital infrastructure, internet safety and policy, security skills and partnerships.

# Jumpstarting Discussions with Research

(ISC)<sup>2</sup> published the following research in 2020, leading to hundreds of media articles and social media buzz.



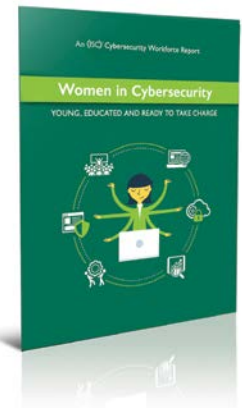
## COVID-19 Cybersecurity Pulse Survey

With COVID-19 emerging, the team quickly developed global survey to better understand how cybersecurity professionals were handling the situation, particularly in light of the massive shift to remote work. This research led to extensive media coverage and an expert-led webinar of practitioners who discussed the findings and what they were seeing in their own organizations.

[View the Results](#)

## Women in Cybersecurity

(ISC)<sup>2</sup> also produced new data on women in cybersecurity. An in-depth blog post and a press release were published to delve into some of the key findings and themes, including that women commit to cybersecurity paths earlier than men and that pay disparities still exist in the industry. [View the Blog](#)



## Cybersecurity Perception Study

In the second half of 2020, the team published the 2020 Cybersecurity Perception Study, which found that opinions about the cybersecurity profession and those working in it are generally very positive, but that a lack of awareness about what cybersecurity roles entail makes the profession intimidating to those without technical skills. [Read the Study](#)



## Cybersecurity Workforce Study

Finally, in November, the 2020 edition of the annual Cybersecurity Workforce Study was published. Among the trove of findings, the report estimated that the cybersecurity workforce had grown to 3.5 million, while the shortage fell from 2019 levels by roughly 25%. The study also revealed that 30% of cybersecurity professionals had one day or less to transition their organizations' staff to remote work during the COVID-19 outbreak.

[Read More](#)



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

# Audited Financial Statements

**INTERNATIONAL INFORMATION SYSTEM  
SECURITY CERTIFICATION CONSORTIUM, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**December 31, 2020 and 2019  
(With Independent Auditor's Report Thereon)**



### **Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of International Information System Security Certification Consortium, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of International Information System Security Certification Consortium, Inc. and Subsidiaries as of December 31, 2020 and 2019, 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.

MAYER HOFFMAN MCCANN P.C.

March 12, 2021  
Clearwater, Florida

**INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES**

**Consolidated Statements of Financial Position**

**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 33,503,236	22,772,804
Event receivables, less allowance for doubtful accounts of \$0 in 2020 and 2019, respectively	1,801,903	2,216,729
Certification receivables, less allowance for doubtful accounts of \$1,988,000 and \$1,890,000 in 2020 and 2019, respectively	783,010	530,935
Other accounts receivable	583,437	450,711
Prepaid expenses	<u>2,839,880</u>	<u>3,412,915</u>
Total current assets	39,511,466	29,384,094
Property and equipment, net	1,411,974	2,306,636
Other assets:		
Investments	51,546,126	47,893,675
Examination question pool, net of amortization of \$2,946,000 and \$2,392,000 in 2020 and 2019, respectively	2,943,644	3,322,023
Other	<u>541,397</u>	<u>572,250</u>
Total assets	<u>\$ 95,954,607</u>	<u>83,478,678</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,083,325	6,081,780
Deferred revenue	25,768,497	21,814,644
Foreign tax accrual	<u>679,205</u>	<u>466,507</u>
Total current liabilities	31,531,027	28,362,931
Accrued scholarships - long term	12,112	9,369
Deferred compensation	<u>297,310</u>	<u>195,210</u>
Total liabilities	31,840,449	28,567,510
Net assets:		
Without donor restrictions:		
Undesignated	25,908,739	21,738,721
Board designated operating reserves	<u>38,000,000</u>	<u>33,000,000</u>
Total net assets without donor restrictions	63,908,739	54,738,721
With donor restrictions	<u>205,419</u>	<u>172,447</u>
Total net assets	<u>64,114,158</u>	<u>54,911,168</u>
Total liabilities and net assets	<u>\$ 95,954,607</u>	<u>83,478,678</u>



**INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES**

**Consolidated Statements of Activities**

**For the Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Changes in net assets without donor restrictions:		
Operating support and revenue:		
Educational services	\$ 18,022,749	21,584,648
Professional examinations	20,196,965	24,921,972
Certification renewal fees	17,387,555	13,782,004
In-kind contributions	467,000	477,800
Contributions	240,357	201,340
Investment return designated for current operations	779,839	896,730
Other revenue	387,294	648,943
Foreign currency exchange loss	(26,804)	(84,791)
Total operating support and revenue	57,454,955	62,428,646
Operating expenses:		
Program services	26,118,171	36,433,854
Supporting services:		
Administrative	24,876,161	27,255,035
Fundraising	59,617	113,668
Total operating expenses	51,053,949	63,802,557
Change in net assets without donor restrictions from operations	6,401,006	(1,373,911)
Other changes:		
Investment return in excess of amounts designated for current operations	2,769,012	4,622,053
Impact of change in revenue recognition accounting policy	-	(327,660)
Change in net assets without donor restrictions	9,170,018	2,920,482
Changes in net assets with donor restrictions:		
Contributions	32,972	25,818
Change in net assets with donor restrictions	32,972	25,818
Change in net assets	9,202,990	2,946,300
Net assets at beginning of year	54,911,168	51,964,868
Net assets at end of year	\$ 64,114,158	54,911,168

**INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses**

**For the Year Ended December 31, 2020**

	Program Services	Supporting Services		Total
		Administrative	Fundraising	
Employee salaries and wages	\$ 9,636,824	10,305,408	30,003	19,972,235
Employee benefits and taxes	1,690,183	2,408,977	6,259	4,105,419
Total personnel costs	11,327,007	12,714,385	36,262	24,077,654
Educational services	3,171,350	-	-	3,171,350
Professional examinations	3,849,563	-	-	3,849,563
Marketing and communications	777,852	1,887,106	2,486	2,667,444
Bad debt expense	2,625	98,335	-	100,960
Bank fees	1,546,823	47,945	108	1,594,876
Computer licenses and support	30,621	6,358,802	-	6,389,423
Contract labor	63,427	68,827	-	132,254
Impairment of intangibles	83,410	-	-	83,410
Membership development	260,990	-	-	260,990
Other	157,079	457,467	479	615,025
Professional fees	1,582,955	724,061	14,922	2,321,938
Rent	746,756	1,221,690	4,379	1,972,825
Scholarships	150,304	-	-	150,304
Supplies	32,677	103,263	4	135,944
Telephone and internet	67,409	88,755	-	156,164
Training	26,319	50,894	-	77,213
Travel	127,024	135,619	-	262,643
Total operating expenses before depreciation, amortization and taxes	24,004,191	23,957,149	58,640	48,019,980
Amortization	1,956,409	-	-	1,956,409
Depreciation	117,962	919,012	977	1,037,951
Value added taxes	39,609	-	-	39,609
Total operating expenses	\$ 26,118,171	24,876,161	59,617	51,053,949

**INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses**

**For the Year Ended December 31, 2019**

	Program Services	Supporting Services		Total
		Administrative	Fundraising	
Employee salaries and wages	\$ 8,891,005	9,930,178	40,406	18,861,589
Employee benefits and taxes	1,628,122	1,998,480	10,174	3,636,776
Total personnel costs	10,519,127	11,928,658	50,580	22,498,365
Educational services	8,642,815	-	-	8,642,815
Professional examinations	4,996,442	-	-	4,996,442
Marketing and communications	1,135,016	1,650,662	26,834	2,812,512
Bad debt expense	1,142,002	-	-	1,142,002
Bank fees	1,849,163	37,382	451	1,886,996
Computer licenses and support	61,022	6,084,782	1,154	6,146,958
Contract labor	544,648	-	-	544,648
Impairment of intangibles	357,771	-	-	357,771
Membership development	278,413	-	-	278,413
Other	236,916	351,948	199	589,063
Professional fees	2,410,954	3,684,988	17,124	6,113,066
Rent	762,049	1,101,498	7,222	1,870,769
Scholarships	122,337	-	-	122,337
Supplies	172,547	196,517	130	369,194
Telephone and internet	61,849	91,504	-	153,353
Training	60,239	301,263	-	361,502
Travel	885,605	1,117,965	8,273	2,011,843
Total operating expenses before depreciation, amortization and taxes	34,238,915	26,547,167	111,967	60,898,049
Amortization	1,758,784	-	-	1,758,784
Depreciation	411,778	707,868	1,701	1,121,347
Value added taxes	24,377	-	-	24,377
Total operating expenses	\$ 36,433,854	27,255,035	113,668	63,802,557

**INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Change in net assets	\$ 9,202,990	2,946,300
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,994,360	2,880,131
Provision for bad debts	100,960	1,142,002
Impairment of intangibles	83,410	357,771
Loss on disposal of assets	9,941	31,164
Realized and unrealized gains on investments	(2,806,813)	(4,622,053)
Decrease (increase) in operating assets:		
Events, certifications, and other accounts receivable	(70,935)	2,743,790
Prepaid expenses	573,035	(244,137)
Other assets	30,853	154,007
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(998,455)	585,855
Deferred revenue	3,953,853	10,951,498
Foreign tax accrual	212,698	(36,061)
Accrued scholarships	2,743	(1,501)
Deferred compensation	102,100	77,416
	13,390,740	16,966,182
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(176,266)	(1,868,966)
Proceeds from sale of equipment	23,036	-
Question pool development costs	(1,661,440)	(2,580,083)
Purchase of investments	(35,529,110)	(23,307,419)
Proceeds from sale of investments	34,683,472	12,334,773
	(2,660,308)	(15,421,695)
Net cash used in investing activities		
Net change in cash and cash equivalents	10,730,432	1,544,487
Cash and cash equivalents at beginning of year	22,772,804	21,228,317
Cash and cash equivalents at end of the year	\$ 33,503,236	22,772,804

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(1) **Organization**

International Information System Security Certification Consortium, Inc. and Subsidiaries (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 certification to individuals in the profession. It also provides educational services to various entities and its certification holders around the world. Its corporate headquarters are located in Clearwater, Florida.

The accompanying consolidated financial statements include the accounts of International Information System Security Certification Consortium, Inc. (ISC)<sup>2</sup> 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”), which is a segregated fund within the Consortium. All intercompany transactions have been eliminated. The Hong Kong Company and the UK Company were organized to enable business transactions in Hong Kong and the United Kingdom, respectively. The Center was established as a segregated fund within the Consortium for exclusively charitable purposes.

(2) **Summary of Significant Accounting Policies**

(a) **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, 2020 and 2019, net assets with donor restrictions were restricted for specific programs of the Center and totaled \$205,419 and \$172,447, respectively.

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(2) **Summary of Significant Accounting Policies - Continued**

(b) **Cash and Cash Equivalents**

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

(c) **Event and Certification Receivables**

Event and certification receivables are recorded at realizable value net of an allowance for doubtful accounts. The allowance is estimated from historical performance and projection of trends. Accounts that are more than 120 days past due are put on credit hold. Event and certification receivables are written off when deemed uncollectible. Event and certification receivables may be charged a fee for interest if the account remains in a delinquent status. Interest income is recorded upon billing.

(d) **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.

(e) **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.

(f) **Assets Limited as to Use**

As of December 31, 2020, investments include assets limited as to use representing assets held by trustees for the Consortium's 457(b) benefit plan as more fully described in Note 10.

(g) **Investments**

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

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(2) **Summary of Significant Accounting Policies - Continued**

(h) **Examination Question Pool**

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

(i) **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 intangibles of \$83,410 and \$357,771 for the years ended December 31, 2020 and 2019, respectively.

(j) **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.

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(2) **Summary of Significant Accounting Policies - Continued**

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

(l) **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.

(m) **Donated Services**

Contributions of services 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. The value of services is based on estimated fair value.

(n) **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 2020 and 2019 were \$2,267,110 and \$2,389,567, respectively, and are included in marketing and communications expense.

(o) **Income Taxes**

The Consortium, excluding the Center, is generally exempt from U.S. income taxes under Section 501(c)(6) of the Internal Revenue Code. The Center is generally exempt from U.S. income taxes under Section 501(c)(3) of the Internal Revenue Code. Information returns (Forms 990) are filed with the Internal Revenue Service (IRS). The Consortium has evaluated its tax positions taken for all open tax years and does not believe it has any uncertain income tax positions as defined by accounting principles generally accepted in the United States of America for income taxes. The 2017, 2018 and 2019 tax years are open and subject to examination by the IRS. The Consortium is not currently under audit nor has the Consortium been contacted by the IRS.



INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(2) **Summary of Significant Accounting Policies - Continued**

(o) **Income Taxes - Continued**

Some foreign operations of the Consortium are subject to foreign income taxes. Foreign taxes are expensed when incurred. There was \$62,813 income tax expense related to United Kingdom foreign operations for the year ended December 31, 2020. The Consortium has net operating loss carryforwards of approximately \$2,723,716 in Hong Kong taxing jurisdictions. 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.

(p) **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 revenues, and the foreign tax accrual. Although some variability is inherent in these estimates, management believes that the amounts presented are adequate.

(q) **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.

(r) **Recent Accounting Pronouncement**

During February 2016, the FASB issued a standard on accounting for leases, which requires lessees to recognize most leases on their statement of financial position for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing and uncertainty of cash flows arising from leases. This guidance will be applied using a modified retrospective approach and is effective for interim and annual periods beginning after December 15, 2021 with early adoption permitted. The Organization will adopt this guidance on January 1, 2022, and is currently evaluating its impact on the consolidated financial statements.

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(s) Subsequent Events

The Consortium has evaluated subsequent events through March 12, 2021, the date the consolidated financial statements were available to be issued.

(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 consolidated statement of cash flows which identifies sources and uses of the Consortium's cash and cash equivalents and shows positive cash generated from operations for the years ended December 31, 2020 and 2019.

As of December 31, 2020 and 2019, the Consortium's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 33,503,236	22,772,804
Accounts receivable	3,168,350	3,198,375
Investments	51,546,126	47,893,675
Total financial assets	88,217,712	73,864,854
Less amounts unavailable for general expenditure within the next 12 months due to:		
Contractual or donor-imposed restrictions:		
Donor-restricted for specific purposes	(205,419)	(172,447)
Board-designations:		
Operating reserves	(38,000,000)	(33,000,000)
Financial assets available to meet cash needs for general expenditures over the next 12 months	\$ 50,012,293	40,692,407

**INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued**

**(4) Center Activity**

The Center was established as a separate fund within the Consortium during 2011. In 2020 and 2019, the Center recorded contributions of \$600,000 from (ISC)<sup>2</sup>, respectively, which were eliminated upon consolidation. The Center also recorded \$273,329 and \$227,158 of contributions from outside sources in 2020 and 2019, respectively. In addition, the Center recorded expenses as follows for the years ended December 31:

	<b>2020</b>	<b>2019</b>
Program services:		
Scholarship programs	\$ 235,494	202,603
Safe and secure program	464,986	437,092
Fundraising expenses	59,617	113,668
Administrative expenses	57,580	74,648
	\$ 817,677	828,011

**(5) Property and Equipment**

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

	<b>2020</b>	<b>2019</b>	<b>Estimated Useful Lives</b>
Computer equipment and software	\$ 2,427,332	2,641,646	3-5 years
Office equipment	497,346	522,259	3 years
Website	604,527	604,527	3 years
Furniture and fixtures	600,860	611,889	7-10 years
Vehicles	-	46,100	5 years
Leasehold improvements	1,088,370	1,023,878	7 years
	5,218,435	5,450,299	
Less accumulated depreciation	(3,806,461)	(3,143,663)	
	\$ 1,411,974	2,306,636	

Depreciation expense for the years ended December 31, 2020 and 2019 was \$1,037,951 and \$1,121,347, respectively.

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(6) **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 funds in 2020 and 2019. 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**

**(6) Investments and Fair Value Measurements - Continued**

The following table sets forth by level, within the fair value hierarchy, the Consortium's assets at fair value as of December 31, 2020 and 2019:

Description	Fair Value Measurements at December 31, 2020 Using			
	Assets Measured at Fair Value at December 31, 2020	Observable Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds:				
Mid cap	\$ 132,706	132,706	-	-
Large cap	55,999	55,999	-	-
Stock index	8,879,889	8,879,889	-	-
Value	2,183,625	2,183,625	-	-
US equity	2,704,004	2,704,004	-	-
Emerging markets	3,134,895	3,134,895	-	-
International	7,881,539	7,881,539	-	-
Equities - ETF	3,067,931	3,067,931	-	-
Real estate	1,031,431	1,031,431	-	-
Corporate bonds	13,582,388	-	13,582,388	-
Government bonds	7,518,958	-	7,518,958	-
Money funds	1,372,761	1,372,761	-	-
	<u>\$ 51,546,126</u>	<u>30,444,780</u>	<u>21,101,346</u>	<u>-</u>

Description	Fair Value Measurements at December 31, 2019 Using			
	Assets Measured at Fair Value at December 31, 2019	Observable Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds:				
Mid cap	\$ 1,680,006	1,680,006	-	-
Small cap	1,187,103	1,187,103	-	-
Large cap	40,149	40,149	-	-
Stock index	7,153,784	7,153,784	-	-
Global listed infrastructure	2,852,659	2,852,659	-	-
US equity	156	156	-	-
Emerging markets	1,949,061	1,949,061	-	-
International	7,630,422	7,630,422	-	-
Equities - ETF	3,110,325	3,110,325	-	-
Real estate	2,172,597	2,172,597	-	-
Balanced portfolio	68,839	68,839	-	-
Corporate bonds	12,885,005	-	12,885,005	-
Government bonds	6,223,779	-	6,223,779	-
Money funds	939,790	939,790	-	-
	<u>\$ 47,893,675</u>	<u>28,784,891</u>	<u>19,108,784</u>	<u>-</u>

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(7) **Concentrations**

(a) **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 \$33.3 million at December 31, 2020 and \$22.7 million at December 31, 2019. 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 event receivables at December 31:

		2020		
		Foreign Currency	Exchange Rate	U.S. Dollars
Cash:				
Funds in British pounds	£	253,877	1.36	\$ 344,740
Funds in Euro	€	390,584	1.23	479,793
Event receivables:				
Funds in British pounds	£	129,421	1.36	175,741
Funds in Euro	€	80,029	1.23	98,308
				\$ 1,098,582
		2019		
		Foreign Currency	Exchange Rate	U.S. Dollars
Cash:				
Funds in British pounds	£	386,144	1.31	\$ 505,849
Funds in Euro	€	217,908	1.12	244,057
Event receivables:				
Funds in British pounds	£	349,596	1.31	457,971
Funds in Euro	€	211,972	1.12	237,409
				\$ 1,445,286

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
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Notes to Consolidated Financial Statements - Continued

(7) Concentrations - Continued

(a) Credit Risk - Continued

Cash and receivables have been adjusted to reflect the current exchange rate of the U.S. dollar at December 31, 2020 and 2019. 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 income. The effects from foreign currency translation were losses of \$26,804 and \$84,791 during 2020 and 2019, respectively.

Event receivables at December 31, 2020 include approximately \$731,000 of receivables due from two significant customers.

Event receivables at December 31, 2019 include approximately \$872,000 of receivables due from two significant customers.

(b) Vendors

During 2020 and 2019, the Consortium utilized one vendor for a significant portion of operations related to test delivery. During 2020 and 2019, the consortium paid this vendor approximately \$4.5 million and \$5.3 million, respectively. Approximately \$917,000 and \$470,000 was payable to this vendor as of December 31, 2020 and 2019, respectively.

(8) 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.

Value-added taxes for the years ended December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
United Kingdom value-added tax	\$ 39,609	24,377
	<u>\$ 39,609</u>	<u>24,377</u>

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(8) **Valued-Added Taxes - Continued**

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

	<u>2020</u>	<u>2019</u>
United Kingdom value-added tax	\$ 209,184	96,507
Other unidentified foreign taxes	<u>470,021</u>	<u>370,000</u>
	<u>\$ 679,205</u>	<u>466,507</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 \$470,000 for unidentified tax liability at December 31, 2020. While the Consortium believes that this reserve is sufficient to cover unidentified tax liabilities as of December 31, 2020, there is the potential for additional unrecognized tax consequences.

(9) **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 \$705,055 and \$731,557 for the years ended December 31, 2020 and 2019, respectively.

(10) **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 CEO. 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 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.

As of December 31, 2020, the assets and corresponding liabilities of the 457(b) plan in the amount of \$297,310 are recorded in investments and deferred compensation in the accompanying consolidated statement of financial position.



INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
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Notes to Consolidated Financial Statements - Continued

(11) **Operating Leases**

The Consortium has several leases for office space with expiration dates through August 2023. Rent expense for these leases totaled \$1,731,522 and \$1,748,660 in 2020 and 2019, respectively.

Future minimum lease obligations are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 1,191,173
2022	1,223,169
2023	<u>671,457</u>
	\$ <u>3,085,799</u>

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

Total operating lease expense for the years ended December 31, 2020 and 2019, excluding amounts for office space, totaled \$241,303 and \$122,109, respectively.

(12) **Future Amortization of Intangible Assets**

Intangible assets at December 31, 2020 consist of examination question pool costs. The estimated future amortization expense for these intangible assets is as follows:

<u>Year Ending December 31,</u>	
2021	\$ 1,656,844
2022	967,527
2023	<u>319,273</u>
	\$ <u>2,943,644</u>

(13) **Legal Matters**

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.

INTERNATIONAL INFORMATION SYSTEM SECURITY CERTIFICATION  
CONSORTIUM, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

(14) Risks and Uncertainties

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020. Those impacts effected the Consortium’s operations through the end of 2020 but are expected to have only minimal impact into 2021, although such effects may vary. While the impact of the pandemic on the Consortium’s operations and activities was limited, the duration and extent of the pandemic and its effects over longer terms cannot be reasonably estimated as of the date the consolidated financial statements were available for issuance. Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity’s ability to continue as a going concern. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of any potential curtailment of societal activities and the long-term effect on demand for the Consortium’s programs and services. Accordingly, significant estimates used in the preparation of the consolidated financial statements including those associated with evaluations of certain long-lived assets for impairment and expected credit losses on amounts owed to the Consortium may be subject to significant adjustments in future periods.

The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, there has been heightened market risk and the Consortium’s investment portfolio has incurred volatility in fair value since March 2020. Because the values of the Consortium’s individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in future periods, if any, and the related impact on the Consortium’s liquidity cannot be determined at this time.

# Thank You, David Shearer

## A Lasting Legacy

After six years as (ISC)<sup>2</sup> CEO, preceded by two years as COO, David Shearer, CISSP, transitioned out of his executive leadership position at the end of 2020 to continue his long career of public service in new and exciting ways.

David's contributions to (ISC)<sup>2</sup> were numerous, including overseeing the launch of the CCSP cloud security certification, establishing (ISC)<sup>2</sup> Security Congress as an independent, premier global security conference and overseeing a period of unprecedented membership growth that now includes more than 157,000 members worldwide. His steadfast commitment to modernizing our association and to delivering member value revolutionized (ISC)<sup>2</sup> from both an operational and programmatic standpoint.

David also envisioned a rich portfolio of learning opportunities that would provide insights on emerging trends to keep our members' skills sharp while providing them with quality CPE credit opportunities. With Board approval, David oversaw the creation of the Professional Development Institute in 2019 and made it available to (ISC)<sup>2</sup> members and associates at no additional cost.

By the end of 2020, 40 different member expert-designed courses were offered through PDI. This catalog of online courses was an essential component of continuing education delivery as the COVID-19 pandemic impact spread.

David's forethought and his commitment to taking on difficult projects he knew would advance the association will always be appreciated and remembered. We wish him the best in his return to the U.S. Department of the Interior and the continuation of his mission to inspire a safe and secure cyber world.

Thank you, David, for all your contributions!

