



Sonnenberg & Company, CPAs

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Leonard C. Sonnenberg, CPA

ISACA SAN DIEGO CHAPTER, INC.

FINANCIAL STATEMENTS Years Ended December 31, 2019 and 2018

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ACCOUNTANT'S COMPILATION REPORT

Board of Directors
ISACA San Diego Chapter, Inc.

Management is responsible for the accompanying financial statements of ISACA San Diego Chapter, Inc., which comprise the statements of assets and net assets – cash basis as of December 31, 2019 and 2018, and the related statement of revenue, expenses and changes in net assets – cash basis for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

March 6, 2020

Sonnenberg & Company, CPAs

ISACA San Diego Chapter, Inc.
Statement of Assets and Net Assets
Cash Basis
As of December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|----------------------------|-------------------------|-------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ <u>57,792</u> | \$ <u>52,762</u> |
| Total Assets | \$ <u><u>57,792</u></u> | \$ <u><u>52,762</u></u> |
| Net Assets: | | |
| Without donor restrictions | \$ <u>57,792</u> | \$ <u>52,762</u> |
| Total Net Assets | \$ <u><u>57,792</u></u> | \$ <u><u>52,762</u></u> |

See accompanying notes to financial statements and accountant's compilation report

ISACA San Diego Chapter, Inc.
Statement of Revenue, Expenses and Changes in Net Assets
Cash Basis
For the Year Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|---|-----------|-----------|
| Revenue: | | |
| Membership dues | \$ 31,560 | \$ 24,040 |
| Program fees | 2,430 | 20,822 |
| Interest income | 19 | 19 |
| Other | 96 | 1,031 |
| Total Unrestricted Revenue | 34,105 | 45,912 |
| Expenses: | | |
| Program services: | | |
| Chapter meeting | 7,932 | 3,885 |
| Conference-seminar | 250 | 675 |
| Meals and entertainment | 11,769 | 1,000 |
| Training | 4,103 | 19,925 |
| Travel | - | 2,310 |
| Supporting services - management and general: | | |
| Accounting | 750 | 600 |
| Administrative services | 1,631 | - |
| Contributions | - | 50 |
| Directors and officers insurance | 60 | 1,160 |
| Liability insurance | 538 | 1,110 |
| Marketing | - | 243 |
| Other | 90 | 60 |
| Postage and delivery | 103 | 90 |
| Software | 220 | - |
| Telephone | - | 133 |
| Web hosting and maintenance | 1,629 | 674 |
| Total Expenses | 29,075 | 31,915 |
| Increase in Net Assets | \$ 5,030 | \$ 13,997 |
| Beginning Net Assets | 52,762 | 38,765 |
| Ending Net Assets | \$ 57,792 | \$ 52,762 |

See accompanying notes to financial statements and accountant's compilation report

ISACA San Diego Chapter, Inc.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018

Note 1. Organization and Purpose:

ISACA San Diego Chapter, Inc (ISACA) was incorporated on October 9, 2019 in California as a nonprofit corporation and is affiliated with the parent organization, Information Systems Audit and Control Association, Inc. Prior to incorporation, ISACA was doing business as a subordinate unincorporated organization of the parent organization. ISACA engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems. At the local level, ISACA promotes the continued professional education and training of its members in the areas of information systems audit, governance, risk management, privacy, and security.

ISACA's primary source of income consists of its share of member dues received from the parent organization.

Note 2. Summary of Significant Accounting Policies:

The following accounting policies have been applied consistently in the preparation of the ISACA's financial statements:

Basis of Accounting - The financial statements of ISACA have been prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under this method, revenue and the related assets are recognized when received rather than when earned and expenses are recognized when cash is disbursed rather than when the obligation is incurred.

Basis of Presentation - Net assets and revenues are classified 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 use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restriction are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when a stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. ISACA had no net assets with donor restrictions as of December 31, 2019 and 2018.

ISACA San Diego Chapter, Inc.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued):

Federal and State Taxes - ISACA is exempt from Federal income taxes pursuant to IRC Section 501(c)(6) and corresponding statutes of the California Revenue and Taxation Code. ISACA maintains its tax exemption as a part of a group exemption with the parent organization.

The exemption is for all income except unrelated business income as defined in the Internal Revenue Code sections 511, 513(a) and related sections. Since the only significant source of income is its share of member dues, there is no unrelated business income, nor has ISACA taken an unsubstantiated tax position that would require provision of a tax liability in the accompanying financial statements.

Additionally, donations to a 501(c)(6) are not deductible as charitable contributions on the donor's federal income tax return.

Cash and Cash Equivalents - ISACA considers all cash on deposit and savings accounts and highly liquid investments with an original maturity of three months or less, as of the date of deposit, to be cash equivalents. There were no cash equivalents as of December 31, 2019 and 2018.

Concentration of Credit Risk - ISACA maintains its cash and cash equivalents in a commercial bank in the United States which are insured by the Federal Deposit Insurance Corporation (FDIC). ISACA has not experienced any losses in such accounts and management believes it is not exposed to any such significant credit risk.

Revenue Recognition - ISACA collects its share of dues from its parent organization and records the revenue upon receipt of the funds. Membership dues represent 93% and 52% of ISACA's total revenue for the years ended December 31, 2019 and 2018, respectively.

Revenues are reported as an increase in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets unless their use is restricted by law.

Donated Services - Members of ISACA donate their time to various activities, including the leadership of ISACA. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

Functional Allocation of Expenses - The costs of providing various services and other activities have been summarized on a functional basis in the statement of revenue, expenses and changes in net assets – cash basis. Directly identifiable expenses are charged to programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of ISACA.

ISACA San Diego Chapter, Inc.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued):

Functional Allocation of Expenses (continued) - Expenses related to more than one function are charged to programs and supporting services on the basis of estimates of time and effort. During the year ended December 31, 2019 and 2018, ISACA did not have any expenses attributable to more than one program or supporting function that require allocation.

Note 3. Liquidity:

ISACA has \$57,792 of financial assets available within one year of the statement of assets and net assets – cash basis date to meet cash needs for general expenditures consisting of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of assets and net assets – cash basis date. As part of ISACA’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4. Date of Management Review:

ISACA’s management has evaluated subsequent events through March 6, 2020, the date the financial statements were available to be issued. Management is not aware of any such subsequent events that would require adjustment to, or disclosures in, the financial statements.