THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

FINANCIAL REPORT
DECEMBER 31, 2023

THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The International Council for Commonality in Blood Banking Automation, Inc.

Opinion

We have audited the accompanying financial statements of The International Council for Commonality in Blood Banking Automation, Inc. (the Entity), a nonprofit organization, which comprise the statement of financial position as of December 31, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Entity as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern within one year after the date that 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 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Halliday & Co, CPAs

October 30, 2024

THE INTERNATIONAL COUNCIL FOR COMMONAILTY IN BLOOD BANKING AUTOMATION

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS	
Current assets	
Cash and cash equivalents	$ 433,773
Investments	4,286,976
Accounts receivable, net	140,648
Prepaids	19,711
Total current assets	4,881,108
Noncurrent assets	
Property and equipment, net	18,091
Operating lease right-of-use assets	252,736
Deposits	6,254
Total noncurrent assets	277,081
Total assets	**$ 5,158,189**
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 33,272
Accrued wages and benefits	119,278
Operating lease liabilities	78,283
Deferred revenue	32,140
Total current liabilities	262,973
Noncurrent liabilities	
Operating lease liabilities, net of current portion	174,453
Total liabilities	437,426
Net assets	
Without donor restrictions	
Undesignated	2,589,038
Designated	2,131,725
Total net assets	4,720,763
Total liabilities and net assets	**$ 5,158,189**

See notes to financial statements

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue	
Registration and license fees	$ 2,307,688
Expenses	
Program services	1,543,475
General and administrative	588,250
Total expenses	2,131,725
Net income from operations	175,963
Investment income (loss)	531,926
Change in net assets without donor restrictions	707,889
Net assets without donor restrictions, beginning of year	4,012,874
Net assets without donor restrictions, end of year	**$ 4,720,763**

THE INTERNATIONAL COUNCIL FOR COMMONAILTY IN BLOOD BANKING AUTOMATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services	General and Administrative	Total
Salaries and benefits	$ 956,162	$ 285,370	$ 1,241,532
Management consultant	130,261	43,120	173,381
Program, conferences, and meetings	61,176	10,547	71,723
Rent	64,810	21,784	86,594
Professional fees	94,670	56,987	151,657
Insurance	-	26,744	26,744
Bank and credit card fees	-	60,603	60,603
Donations	43,033	-	43,033
Depreciation	-	10,655	10,655
Education and promotion	62,945	5,753	68,698
Staff business travel	9,212	27,638	36,850
Office supplies	9,126	6,854	15,980
Dues and subscriptions	-	12,237	12,237
Telephone	3,884	971	4,855
Internet services	21,148	5,004	26,152
Postage	1,154	289	1,443
Other	11,898	11,754	23,652
Staff training	1,940	1,940	3,880
Printing	113	-	113
Bad debt	71,943	-	71,943
	$ 1,543,475	**$ 588,250**	**$ 2,131,725**

See notes to financial statements

THE INTERNATIONAL COUNCIL FOR COMMONAILTY IN BLOOD BANKING AUTOMATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

Cash flows from operating activities	
Change in net assets	$ 707,889
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Bad debt	71,943
Depreciation	10,655
Net realized and unrealized gain on investments	(368,467)
Change in operating assets and liabilities:	
Accounts receivable	(96,926)
Prepaids	(7,398)
Accounts payable	26,175
Accrued wages and benefits	(2,558)
Deferred revenue	26,040
Net cash provided by (used in) operating activities	367,353
Cash flows from investing activities	
Purchase of property and equipment	(8,550)
Proceeds from sale of investments	3,481,010
Purchase of investments	(4,155,900)
Net cash provided by (used in) investing activities	(683,440)
Net change in cash	(316,087)
Cash, beginning of year	749,860
Cash, end of year	**$ 433,773**

See notes to financial statements

NOTE 1 – REPORTING ENTITY

The International Council for Commonality in Blood Banking Automation (the Entity), incorporated in 1995, is organized as a nonprofit organization without capital stock under the laws of the Commonwealth of Virginia. The Entity's primary offices are located in Redlands, California; however, it has remote personnel and board members in various locations throughout the United States and internationally. The Entity's purpose is to enhance patient safety by promoting and managing the ISBT 128 international information standard for use with medical products of human origin.

The Entity is the developer of ISBT 128, the global standard for the identification, labeling, and information transfer of medical products of human origin, including blood, cells, tissues, milk, and organ products, across international borders and disparate health care systems. ISBT 128 provides international consistency to support the transfer, transportation, or transplantation of medical products of human origin.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>
The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

<u>Use of Estimates</u>
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are reasonable, actual results could differ from those estimates.

<u>Financial Instruments and Credit Risk</u>
The Entity manages deposit concentration risk by placing cash, cash equivalents, and investments with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments.

<u>Cash and Cash Equivalents</u>
The Entity considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash equivalents are held in money market accounts and money market funds.

<u>Investments</u>
Investments are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

<u>Accounts Receivable</u>
Accounts receivable relate to license fees earned for providing the associated licensed benefits to licensees. Licensing transactions are made on credit without collateral.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)
Accounts receivable are reported at their net realizable value, net of an allowance for uncollectable receivables of $95,454 as of December 31, 2023. The Entity uses the allowance method for the write-off of bad debts. The Entity considers such factors as historical trends for collections and knowledge of the financial stability of licensees to establish the allowance for doubtful accounts. Accounts receivable are written off when management determines that the amount will not be collected. For delinquent licensees, the Entity suspends access to all benefits until outstanding amounts, including late and reinstatement charges, are paid in full.

Property and Equipment
Computer hardware, software, office furniture, and equipment are recorded at cost. The Entity's policy is to capitalize all property and equipment has a cost of $5,000 or more. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets which range from three to five years. Expenditures for additions, major renewals, and betterments are capitalized and expenditures for repairs and maintenance, which do not extend the useful life of an asset or increase its usefulness, are expenses as incurred. The cost of property and equipment retired or otherwise disposed of, and the related accumulated depreciation, are eliminated in the year of disposal.

Accounting for Impairment of Long-Lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of the asset. To date, no such impairment charges have occurred.

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent the resources available for general operations and not subject to donor (or certain grantor) restrictions.

The Entity does not have any net assets with donor restrictions.

Revenue Recognition
The Entity's revenues are primarily derived from annual licensing fees for the use of the ISBT 128 standard and its accompanying databases, reference tables, documentation, and software tools. The performance obligations are considered satisfied over the annual license period because the benefits are consistent throughout the period. For new licensees, license fees are billed upon initial licensing and the license period runs from the date of initial licensing through the end of the calendar year. For renewing licensees, license fees are billed at the beginning of the calendar year and all license periods are based on a calendar year. The license fees are recognized ratably throughout the term to which they pertain.

When payments for licenses are collected in advance of access/benefits being provided, which is often the case given the license terms and billing cycles, the appropriate portion is recognized as deferred revenue until the relevant performance obligations are satisfied over time. However, due to all license periods ending at the end of the calendar year, there is generally minimal deferred revenue at the end of the calendar year. Deferred revenue at the end of a calendar year represents over payments or prepayments made by licensees for the next year's annual licensing fee.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Entity does not have any significant customer concentrations. Many of the licensees are recurring annually, and are diverse in nature and geographic location. Revenue from domestic licensees and international licensees represent 53% and 47% of total revenue, respectively. Payments for the majority of license fee billings are collected before the end of the calendar year which reduces uncertainty regarding the collectability of revenue at year-end. The Entity, per the licensing agreement terms, does not provide refunds if a licensee elects to terminate their access. The Entity's revenue transactions do not include any variable consideration and the Entity has no obligations which extend beyond the licensing period.

Income Taxes

The Entity is qualified as a nonprofit tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and corresponding state sections. The Entity does not have any unrelated business taxable income.

Allocation of Functional Expenses

The cost of program and supporting services activities are summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefitted. These expenses include, but are not limited to, salaries and benefits, management consultant, and rent. Such allocations are determined by management using a variety of cost allocation techniques, such as square footage and estimates of time and effort.

Recently Issued Accounting Standards

The Entity has determined that there have been no recently adopted or issued accounting standards that had, or will have, a material impact on its financial statements.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The table below represents the Entity's financial assets as of December 31, 2023 that are readily convertible to cash and therefore available to meet general expenditures within one year, reduced by amounts not considered available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Cash and cash equivalents	$ 433,773
Investments	4,286,976
Accounts receivable	140,648
Less amounts designated by the board of directors	(2,131,725)
Financial assets available to meet general expenditures over the next twelve months	$ 2,729,672

NOTE 3 – AVAILABILITY AND LIQUIDITY (Continued)

To manage liquidity, the Entity aims to maintain cash assets at a minimum of 30 days operating expenses. Financial assets in excess of daily cash requirements are invested depending on liquidity needs. The board of directors maintains a standing policy to designate net assets for operating expenses. The policy requires management to maintain at least an amount equivalent to one year of operating expenses in cash and investments. The Entity does not intend to spend board designated funds, but these could be drawn upon through board resolution.

NOTE 4 – FAIR VALUE MEASUREMENT OF INVESTMENTS

U.S. GAAP establishes a framework for measuring fair value that provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). As of December 31, 2023, the Entity's investments are all considered Level 1 and consisted of the following: $2,694,328 of equity securities, $1,392,386 of corporate bonds, and $200,262 of government bonds.

The Entity's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term. The volatility of the market and credit institutions after December 31, 2023 could have a significant effect on the Entity's investments.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023, consisted of the following:

Office furniture and equipment	$ 72,827
Computer hardware and software	46,063
Less accumulated depreciation	(100,799)
Property and equipment, net	$ 18,091

NOTE 6 – LEASES

The Entity has only one lease which is classified as an operating lease and is for office space under a noncancelable lease which expires December 31, 2026. As the lease does not provide an implicit rate, the Entity elected to utilize the risk-free rate. The discount rate applied to this lease is 4.01%. The lease does not include clauses regarding extension options; however, the Entity expects that this lease will be renewed or replaced by a similar office space lease upon termination. The expense associated with this lease is recognized on a straight-line basis over the lease term and is represented by the rent line item on the statement of functional expenses.

NOTE 6 – LEASES (Continued)

As of December 31, 2023, the maturities of the lease liability are as follows:

For the year ending December 31,	
2024	$ 86,989
2025	89,599
2026	92,288
Total minimum lease payments	268,876
Less interest	(16,140)
Present value of lease obligation	252,736
Less current portion	(78,283)
Noncurrent portion	$ 174,453

NOTE 7 – RETIREMENT PLAN

The Entity maintains a defined contribution 403(b) annuity contract plan, which was established in 2004 and restated in 2009 and 2018. The plan covers substantially all employees meeting certain age requirements. Participants may, subject to prescribed limits, contribute to the plan. For the year ended December 31, 2023, the Entity made a Safe Harbor contribution of $31,218 (three percent of eligible compensation) and no additional discretionary contributions.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Entity has a consultancy contract with an individual to provide executive director services. The management consultant line item on the statement of functional expenses represents the fees paid under this contract to the Entity's executive director.

NOTE 9 – SUBSEQUENT EVENTS

The Entity evaluated subsequent events through October 30, 2024, the issuance date of these financial statements, and has not identified any significant subsequent events that would require recognition or disclosure.