THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

FINANCIAL STATEMENTS

YEAR ENDED

DECEMBER 31, 2018

THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

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December 31, 2018

Singer Lewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The International Council for Commonality
in Blood Banking Automation
Redlands, California

Report on the Financial Statements

We have audited the accompanying financial statements of The International Council for Commonality in Blood Banking Automation ("ICCBBA") (a Virginia nonprofit organization) which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2018 and the related statements of revenues and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The International Council for Commonality in Blood Banking Automation as of December 31, 2018, and its revenues and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, ICCBBA adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Singer Lewak LLP

September 5, 2019

THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

December 31, 2018

ASSETS

Current assets	
Cash	$ 105,737
Interest receivable	1,918
Total current assets	107,655
Equipment	
Office furniture and equipment	58,850
Computer hardware and software	81,322
	140,172
Less accumulated depreciation	(127,053)
Net equipment	13,119
Deposits	6,254
Investments	2,725,073
Total assets	**$ 2,852,101**

LIABILITIES AND NET ASSETS

Current liabilities	
Credit card liability	$ 13,431
Accrued pension contributions	31,145
Total current liabilities	44,576
Net assets	
Without donor restrictions	
Undesignated	1,192,336
Designated	1,615,189
Total net assets	2,807,525
Total liabilities and net assets	**$ 2,852,101**

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

THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

STATEMENT OF REVENUES AND EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2018

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenues	
Registration and license fees	$ 1,612,467
Expenses	
Program services	1,189,989
Supporting services	
General and administrative	425,200
Total expenses	1,615,189
Net loss from operations	(2,722)
Investment loss	(71,819)
Change in net assets without donor restrictions	(74,541)
Net assets without donor restrictions, beginning of year	2,882,066
Net assets without donor restrictions, end of year	**$ 2,807,525**

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

THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Year Ended December 31, 2018

	Program Services	Supporting Services General and Administrative	Total
Expenses			
Salaries and benefits	$ 706,105	$ 198,598	$ 904,703
Management consultant	143,821	47,940	191,761
Trade shows and congress participation	140,060	-	140,060
Program, conferences, and meetings	94,564	4,014	98,578
Rent	72,167	25,230	97,397
Other professional fees	-	28,270	28,270
Insurance	-	20,707	20,707
Bank and credit card fees	-	23,211	23,211
Donations	20,000	-	20,000
Accounting and auditing fees	-	22,980	22,980
Depreciation	-	9,428	9,428
Education and promotion	3,007	-	3,007
Staff business travel	-	10,785	10,785
Office supplies	-	12,989	12,989
Dues and subscriptions	-	9,065	9,065
Telephone	4,973	35	5,008
Internet services	-	4,842	4,842
Postage	2,590	647	3,237
Miscellaneous	322	4,461	4,783
Staff training	1,999	1,998	3,997
Printing	381	-	381
Total expenses	**$ 1,189,989**	**$ 425,200**	**$ 1,615,189**

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

THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

Year Ended December 31, 2018

Cash flows from operating activities	
Change in net assets without donor restrictions	$ (74,541)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:	
Depreciation	9,428
Net unrealized loss on marketable securities	202,264
Changes in operating assets and liabilities:	
Interest receivable	32
Credit card liability	(1,393)
Accrued pension contributions	2,293
Net cash provided by operating activities	138,083
Cash flows from investing activities	
Purchase of equipment	(12,969)
Realized gain on marketable securities	(351)
Proceeds from sale of marketable securities	762,507
Purchase of marketable securities	(902,978)
Net cash used in investing activities	(153,791)
Change in cash	(15,708)
Cash, beginning of year	121,445
Cash, end of year	**$ 105,737**

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

NOTE 1 – REPORTING ENTITY

The International Council for Commonality in Blood Banking Automation ("ICCBBA"), incorporated in 1995, is organized as a nonprofit organization without capital stock under the laws of the Commonwealth of Virginia, operating in Redlands, California. ICCBBA'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.

ICCBBA 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. Revenues are derived from registration and licensing fees.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

ICCBBA's policy is to present its financial statements on a modified cash basis that includes recording of depreciation on long-lived assets, liabilities for the acquisition of long-lived assets, credit card liabilities, payroll withholdings and accrual of payroll taxes, and profit sharing contributions. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, accounts receivable, accounts payable, and accrued expenses, other than those mentioned above or in the following paragraph, are not included in the financial statements. If an expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the useful life of the asset.

ICCBBA has chosen to implement the following exceptions to the modified cash basis method of accounting described above: (1) investments are measured at fair value and the related unrealized gains and losses recognized, and (2) accrued interest on investment securities is recognized. The effect on the financial statements of these variances from the generally accepted modified cash basis method of accounting is that various items are understated or (overstated) at December 31, 2018 in the following amounts:

Statement of assets, liabilities, and net assets – modified cash basis:	
Interest receivable	$ (1,918)
Investments	202,264
Net assets without donor restrictions	(200,346)
Statement of revenues and expenses – modified cash basis:	
Investment income	$ (200,346)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Accounting Principles
In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions. For the year ended December 31, 2018, ICCBBA has implemented ASU 2016-14 and has changed its presentation of net asset classes and expanded the footnote disclosures as required by the ASU.

Currently Issued Accounting Standards
In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for ICCBBA for fiscal years beginning after December 15, 2018. ICCBBA does not believe the adoption of the new financial instruments standard will have a material impact on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. ICCBBA currently expects that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized in the statement of assets, liabilities, and net assets – modified cash basis in amounts that will be material.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019 and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted. The adoption of ASU 2018-08 is not expected to have a significant impact on ICCBBA's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2018-13 is not expected to have a material impact on the financial statements.

Financial Statement Presentation

ICCBBA has chosen to present its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") No. 958, *Not-for-Profit Entities.* Under this standard, ICCBBA is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing ICCBBA's primary objectives. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ICCBBA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Since ICCBBA does not have any net assets subject to donor-imposed restrictions, all transactions are reported in the net assets without donor restrictions class.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

ICCBBA has cash in financial institutions which is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each institution. At various times throughout the year, ICCBBA may have cash balances in financial institutions which exceed the FDIC insurance limit. Management reviews the financial condition of these financial institutions on a periodic basis and does not believe this concentration of cash results in a high level of risk for ICCBBA.

ICCBBA considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Equipment

Computer hardware, software, office furniture, and equipment are recorded at cost. ICCBBA's current policy is to capitalize all purchased equipment in excess of $1,000. Depreciation is recorded using the straight-line depreciation method over the estimated useful lives of the assets which range from three to five years. Repairs and maintenance costs, which do not extend the useful life of an asset, are expensed as incurred.

Income Taxes

ICCBBA is qualified as a nonprofit tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and applicable provision of the California Revenue and Taxation Code.

Functional expenses

The costs of providing program and supporting activities have been reported on a functional basis in the statement of revenues and expenses – modified cash basis. The statement of functional expenses – modified cash basis 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 on an equitable basis. These expenses have been allocated using a variety of cost allocation techniques, such as square footage and estimates of time and effort.

Use of Estimates

The preparation of financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures made in the accompanying notes to financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents ICCBBA's financial assets at December 31, 2018:

Financial assets at year end:	
Cash	$ 105,737
Interest receivable	1,918
Investments	2,725,073
Total financial assets	2,832,728
Less amounts not available to be used within one year:	
Board designated	(1,615,189)
Financial assets available to meet general expenditures over the next twelve months	**$ 1,217,539**

To manage liquidity, the organization aims to maintain cash assets at a minimum of 30 days operating expenses, but not more than FDIC limits permit. Financial assets in excess of daily cash requirements are invested as short-term or long-term (reserves) investments. In the event that short-term investments are needed for daily cash requirements, they may be drawn upon with Executive Director approval. In the event that reserves need to be utilized for liquidity purposes, they may be drawn upon Executive Director approval. ICCBBA does not intend to spend board designated funds, but these could be drawn upon through board resolution.

NOTE 4 – FAIR VALUE MEASUREMENTS

ICCBBA has elected to implement FASB ASC No. 820, *Fair Value Measurements* ("FASB ASC No. 820"), which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that 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).

The three levels of the fair value hierarchy under FASB ASC No. 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that ICCBBA has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018:

Corporate bonds
Valued at the closing price at year end reported in the active market on which the individual bonds are traded.

Mutual funds
Valued at the net asset value ("NAV") of shares held by ICCBBA at year-end as reported on the active market on which they are traded. The change in the difference between aggregate market value and historical cost for these funds is recognized as an unrealized gain or loss each period.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while ICCBBA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5 – INVESTMENTS

Investments are considered level 1 inputs, and consist of the following at December 31, 2018.

	Amortized Cost	Fair Value	Net Unrealized Gain/(Loss)
Cash held for investment	$ 159,852	$ 159,852	$ -
Corporate bonds	931,440	907,368	(24,072)
Mutual funds	1,836,045	1,657,853	(178,192)
	$ 2,927,337	**$ 2,725,073**	**$ (202,264)**

NOTE 6 – OPERATING LEASE

ICCBBA leases office space from an unrelated party under a noncancelable operating lease expiring in December 2023. Rental expense associated with this lease was $89,581 with other miscellaneous rent of $7,816, for the year ended December 31, 2018.

Future minimum payments required under this lease at December 31, 2018 are as follows:

Year ending December 31,	
2019	$ 89,187
2020	89,187
2021	89,187
2022	89,187
2023	89,187
Total	**$ 445,935**

NOTE 7 – DESIGNATED NET ASSETS

The board of directors maintains a standing policy to designate net assets for operating expenses. The policy also requires management to maintain an amount equivalent to one year of operating expenses in cash and investments. Designated net assets are $1,615,189 for the year ended December 31, 2018. At December 31, 2018, ICCBBA was in compliance with this policy.

NOTE 8 – RETIREMENT PLAN

ICCBBA has a defined contribution 403(b) annuity contract plan, which was established in 2004 and restated in 2009, and covered substantially all employees meeting certain requirements for age and length of employment. Participants may, subject to prescribed limits, contribute to the plan. ICCBBA elected to make a Safe Harbor contribution of three percent and an additional discretionary contribution. The plan was restated again effective January 1, 2018, at which time requirements for length of employment were lifted and employees became eligible to participate in the plan and receive employer contributions immediately upon hire. For the year ended December 31, 2018, ICCBBA chose to make an additional discretionary contribution of one percent for a total contribution of four percent of eligible employee compensation. The total employer contribution for the year ended December 31, 2018 was $31,145.

NOTE 9 – RELATED PARTY TRANSACTIONS

ICCBBA has a consultancy contract for executive director services with a management firm. The executive director is also a director of the management firm. Management consultant fees paid under this contract in 2018 totaled $191,761.

NOTE 10 – RISK AND UNCERTAINTIES

ICCBBA invests in various investments. 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, 2018 could have a significant, negative effect on ICCBBA's investments.

NOTE 11 – SUBSEQUENT EVENTS

In the preparation of these financial statements, ICCBBA considered subsequent events through September 5, 2019 which is the date these financial statements were available to be issued.