

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016**

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION**

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December 31, 2016**

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A Division of SingerLewak

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, 2016 and the related statements of revenues, expenses, and changes in net assets – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements (collectively, 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, 2016, 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.

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.

A handwritten signature in black ink that reads "Singer Lewak LLP". The signature is written in a cursive, flowing style.

August 1, 2017

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION**
(A NONPROFIT ORGANIZATION)
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2016

ASSETS

Current assets

Cash	\$ 220,501
Interest receivable	1,355
Investments	<u>68,408</u>
Total current assets	<u>290,264</u>

Equipment

Office furniture and equipment	52,164
Computer hardware and software	<u>79,836</u>
	132,000
Less accumulated depreciation	<u>(111,238)</u>
Net equipment	<u>20,762</u>

Deposits

6,254

Investments

2,347,346

Total assets

\$ 2,664,626

LIABILITIES AND NET ASSETS

Current liabilities

Credit card liability	\$ 13,473
Pending customer refunds	8,286
Accrued pension contributions	<u>25,506</u>
Total current liabilities	<u>47,265</u>

Net assets

Unrestricted	
Undesignated	1,096,406
Designated	<u>1,520,955</u>
Total net assets	<u>2,617,361</u>

Total liabilities and net assets

\$ 2,664,626

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

THE INTERNATIONAL COUNCIL FOR COMMONALITY IN BLOOD BANKING AUTOMATION

(A NONPROFIT ORGANIZATION)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS Year Ended December 31, 2016

UNRESTRICTED

Revenues

Registration and license fees	<u>\$ 1,611,349</u>
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Expenses

Salaries and benefits	827,445
Management consultant	185,696
Trade shows and congress participation	158,793
Rent	81,224
Program, conferences, and meetings	80,072
Insurance	22,946
Other professional fees	22,787
Bank and credit card fees	22,576
Accounting and auditing fees	21,224
Donations	20,000
Depreciation	16,532
Miscellaneous	10,966
Education and promotion	10,728
Office supplies	10,197
Staff business travel	10,153
Telephone	4,908
Dues and subscriptions	3,845
Postage	3,741
Internet services	3,357
Staff training	3,339
Printing	<u>426</u>

Total expenses	<u>1,520,955</u>
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Net income from operations	90,394
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Investment income	<u>142,952</u>
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Change in net assets	233,346
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Net assets, beginning of year	<u>2,384,015</u>
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Net assets, end of year	<u>\$ 2,617,361</u>
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The accompanying notes are an integral part of these financial statements.

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION**

(A NONPROFIT ORGANIZATION)

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

Year Ended December 31, 2016

Cash flows from operating activities

Change in net assets	\$ 233,346
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	16,532
Net unrealized gain on marketable securities	(64,857)
Changes in operating assets and liabilities:	
Interest receivable	658
Credit card liability	1,899
Pending customer refunds	2,871
Accrued pension contributions	3,228
	<hr/>
Net cash provided by operating activities	193,677

Cash flows from investing activities

Purchase of equipment	(3,911)
Net realized loss on marketable securities	(15,350)
Proceeds from sale of marketable securities	413,648
Purchase of marketable securities	(522,084)
	<hr/>
Net cash used in investing activities	(127,697)

Change in cash and cash equivalents	65,980
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Cash and cash equivalents, beginning of year	<hr/> 154,521
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Cash and cash equivalents, end of year	<hr/> <hr/> \$ 220,501
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The accompanying notes are an integral part of these financial statements.

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

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, 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, 2016 in the following amounts:

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Statement of assets, liabilities, and net assets – modified cash basis:

Interest receivable	\$(1,355)
Investments	\$(64,857)
Undesignated, unrestricted net assets	\$66,212

Statement of revenues, expenses, and changes in net assets – modified cash basis:

Investment income	\$(66,212)
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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 three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Since ICCBBA does not have any net assets subject to donor-imposed restrictions, all transactions are reported in the unrestricted class of net assets.

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.

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 – 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 INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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.

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, 2016:

Certificates of deposit

Valued at net asset value of underlying shares held by a banking institution at year-end.

Corporate bonds

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

Mutual funds

Valued at the quoted market price or other reasonably obtainable market value estimate at the reporting date for those or similar funds. 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.

ICCBBA's cash held for investment, certificates of deposit, and investments are considered level 1 inputs. Fair value of securities under this category at December 31, 2016 is as follows:

Cash	\$ 43,372
Certificates of deposit	25,036
Investments	
Corporate bonds	640,302
Mutual funds	<u>1,707,044</u>
	<u>\$2,415,754</u>

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 4 – INVESTMENTS

Investments consist of cash held for investment and certificates of deposit shown as current assets, and corporate bonds and mutual funds shown as noncurrent assets reported in the statement of assets, liabilities, and net assets – modified cash basis at December 31, 2016 as shown below:

	Amortized Cost	Fair Value	Net Unrealized Gain/(Loss)
Cash	\$ 43,372	\$ 43,372	
Certificates of deposit	<u>24,636</u>	<u>25,036</u>	\$ 400
	<u>68,008</u>	<u>68,408</u>	<u>400</u>
Corporate bonds	567,460	640,302	72,842
Mutual funds	<u>1,715,429</u>	<u>1,707,044</u>	<u>(8,385)</u>
	<u>2,282,889</u>	<u>2,347,346</u>	<u>64,457</u>
	<u>\$2,350,897</u>	<u>\$2,415,754</u>	<u>\$ 64,857</u>

The following schedule summarizes investment loss, net of expenses, in the statement of revenues, expenses, and changes in net assets – modified cash basis for the year ended December 31, 2016:

Interest and dividend income	\$ 62,745
Net unrealized gain on certificates of deposit and investments	64,857
Net realized gain on certificates of deposit and investments	<u>15,350</u>
	<u>\$ 142,952</u>

NOTE 5 – FUNCTIONAL EXPENSES

The functional classification of the expenses on the statement of revenues, expenses, and changes in net assets - modified cash basis is as follows for the year ended December 31, 2016:

Program expenses	\$1,043,496
General and administrative expenses	<u>477,459</u>
	<u>\$1,520,955</u>

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 6 – OPERATING LEASE

ICCBBA leases office space from an unrelated party under a noncancelable operating lease expiring in December 2018. Rental expense associated with this lease was \$80,205 with other miscellaneous rent of \$1,019, for the year ended December 31, 2016.

Minimum future annual rental commitments as of December 31, 2016 are as follows:

2017	\$ 82,406
2018	<u>84,456</u>
	<u>\$166,862</u>

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 \$1,520,955 for the year ended December 31, 2016. At December 31, 2016, ICCBBA was in compliance with this policy.

NOTE 8 – RETIREMENT PLAN

ICCBBA has a defined contribution 403(b) annuity contract plan which covers substantially all employees meeting certain requirements for age and length of employment. Participants may, subject to prescribed limits, contribute to the plan. The plan's original effective date was January 1, 2004. Effective January 1, 2009, the plan was restated. ICCBBA elected to make a Safe Harbor contribution of three percent and an additional discretionary contribution. The restatement resulted in coverage of all eligible employees. For the year ended December 31, 2016, 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, 2016 was \$25,506.

**THE INTERNATIONAL COUNCIL FOR COMMONALITY
IN BLOOD BANKING AUTOMATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 9 – RELATED PARTY TRANSACTIONS

ICCBBA has a consultancy contract for executive director services with a management firm in England. The executive director is also a director of the management firm. Management consultant fees paid under this contract in 2016 totaled \$185,696.

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, 2016 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 August 1, 2017 which is the date these financial statements were issued.