

**FINANCIAL STATEMENTS**



**BioOne**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

# BIOONE

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
BioOne  
Washington, D.C.

#### Opinion

We have audited the accompanying financial statements of BioOne, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 BioOne as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits 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 BioOne and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 BioOne's ability to continue as a going concern within one year after the date that the 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.

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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, including omissions, 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 BioOne'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 BioOne'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Activities on pages 18 - 19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



May 13, 2022

## BIOONE

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021 AND 2020

## ASSETS

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,363,431	\$ 656,834
Investments, short-term	6,393,718	5,768,129
Accounts receivable, net of allowance for doubtful accounts in the amounts of \$1,004 and \$1,458 at December 31, 2021 and 2020, respectively	285,036	524,358
Prepaid expenses	<u>50,846</u>	<u>46,560</u>
Total current assets	<u>8,093,031</u>	<u>6,995,881</u>
<b>OTHER ASSETS</b>		
Certificate of deposit	36,466	35,926
Investments, long-term	4,646,381	4,251,214
Intangible asset, net of accumulated amortization in the amount of \$294,240 and \$196,160 at December 31, 2021 and 2020, respectively	<u>196,160</u>	<u>294,240</u>
Total other assets	<u>4,879,007</u>	<u>4,581,380</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,972,038</u></b>	<b><u>\$ 11,577,261</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Loan payable	\$ -	\$ 145,400
Accounts payable	315,922	203,966
Accrued vacation	64,108	57,299
Royalty payable	4,005,340	3,654,846
Surplus share payable	953,052	937,705
Deferred subscription income, net of discounts	<u>2,904,088</u>	<u>2,930,383</u>
Total liabilities	<u>8,242,510</u>	<u>7,929,599</u>
<b>NET ASSETS</b>		
Board designated:		
Operating Reserve Fund	1,500,000	1,400,000
Capital Reserve Fund	<u>3,229,528</u>	<u>2,247,662</u>
Total net assets	<u>4,729,528</u>	<u>3,647,662</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 12,972,038</u></b>	<b><u>\$ 11,577,261</u></b>

## BIOONE

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Without Donor Restrictions</u>	
	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>		
Subscription sales	\$ 12,526,607	\$ 12,067,122
Interest and dividends, net	153,609	86,906
Ancillary revenue	59,814	34,916
Open Access	44,185	56,937
In-kind contributions	13,575	14,355
Miscellaneous	<u>354</u>	<u>323</u>
Total revenue	<u>12,798,144</u>	<u>12,260,559</u>
<b>EXPENSES</b>		
Program Services:		
BioOne.1	589,952	5,645,906
BioOne.2	130,900	3,411,593
BioOne Complete	8,522,865	-
BioOne Complete Archive	32,534	-
BioOne Open Access	8,991	46,741
Career Center	-	6,001
Education	<u>6,050</u>	<u>5,800</u>
Total program services	<u>9,291,292</u>	<u>9,116,041</u>
Supporting Services:		
Management and General	<u>1,834,831</u>	<u>1,835,673</u>
Total expenses	<u>11,126,123</u>	<u>10,951,714</u>
Total operating surplus before other items	<u>1,672,021</u>	<u>1,308,845</u>
<b>OTHER ITEMS</b>		
Extinguishment of debt	145,400	-
Surplus share	(953,052)	(937,705)
Foreign currency loss	(25,645)	(2,168)
Bad debt recovery (expense)	454	(29,677)
Unrealized gain on investments	<u>242,688</u>	<u>265,760</u>
Total other items	<u>(590,155)</u>	<u>(703,790)</u>
Changes in net assets	1,081,866	605,055
Net assets at beginning of year	<u>3,647,662</u>	<u>3,042,607</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 4,729,528</u></b>	<b><u>\$ 3,647,662</u></b>

## BIOONE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services						Supporting	Total	
	BioOne.1	BioOne.2	BioOne Complete	BioOne Complete Archive	BioOne Open Access	Education	Total Program Services		Management and General
Royalty expenses	\$ 377,923	\$ 36,427	\$ 3,566,696	\$ 24,294	\$ -	\$ -	\$ 4,005,340	\$ -	\$ 4,005,340
Discounts and commissions	104,603	35,902	4,484,432	8,240	-	-	4,633,177	-	4,633,177
Technology expenses	109,892	58,413	459,017	-	8,991	-	636,313	13,115	649,428
Personnel expenses	-	-	-	-	-	-	-	1,159,451	1,159,451
Professional contract services	-	-	-	-	-	-	-	250,874	250,874
General and administrative	(2,466)	158	12,720	-	-	150	10,562	395,598	406,160
Travel and meetings	-	-	-	-	-	5,900	5,900	15,793	21,693
Sub-total	589,952	130,900	8,522,865	32,534	8,991	6,050	9,291,292	1,834,831	11,126,123
Add: Items included in other items:									
Surplus share	476,526	476,526	-	-	-	-	953,052	-	953,052
Foreign currency loss	-	-	-	-	-	-	-	25,645	25,645
Bad debt recovery	-	-	-	-	-	-	-	(454)	(454)
<b>TOTAL</b>	<b>\$ 1,066,478</b>	<b>\$ 607,426</b>	<b>\$ 8,522,865</b>	<b>\$ 32,534</b>	<b>\$ 8,991</b>	<b>\$ 6,050</b>	<b>\$ 10,244,344</b>	<b>\$ 1,860,022</b>	<b>\$ 12,104,366</b>

See accompanying notes to financial statements.

## BIOONE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services					Total Program Services	Supporting Services	Total Expenses
	BioOne.1	BioOne.2	BioOne Access	Career Open Center	Education		Management and General	
Royalty expenses	\$ 2,392,415	\$ 1,262,431	\$ -	\$ -	\$ -	\$ 3,654,846	\$ -	\$ 3,654,846
Discounts and commissions	2,851,700	1,973,419	-	-	-	4,825,119	-	4,825,119
Technology expenses	400,896	175,230	46,710	-	-	622,836	48,003	670,839
Personnel expenses	-	-	-	-	-	-	1,087,151	1,087,151
Professional contract services	32	14	4	-	-	50	239,615	239,665
General and administrative	863	499	27	6,001	-	7,390	415,360	422,750
Travel and meetings	-	-	-	-	5,800	5,800	45,544	51,344
Sub-total	5,645,906	3,411,593	46,741	6,001	5,800	9,116,041	1,835,673	10,951,714
Add: Items included in other items:								
Surplus share	562,623	375,082	-	-	-	937,705	-	937,705
Foreign currency loss	-	-	-	-	-	-	2,168	2,168
Bad debt expense	-	-	-	-	-	-	29,677	29,677
<b>TOTAL</b>	<b>\$ 6,208,529</b>	<b>\$ 3,786,675</b>	<b>\$ 46,741</b>	<b>\$ 6,001</b>	<b>\$ 5,800</b>	<b>\$ 10,053,746</b>	<b>\$ 1,867,518</b>	<b>\$ 11,921,264</b>

See accompanying notes to financial statements.



## BIOONE

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,081,866	\$ 605,055
Adjustments to reconcile changes in net assets to . net cash provided by operating activities:		
Amortization	98,080	98,080
Extinguishment of debt	(145,400)	-
Unrealized gain	(242,688)	(265,760)
Change in allowance for doubtful accounts	(454)	(761)
Decrease (increase) in:		
Accounts receivable, net	239,776	491,670
Prepaid expenses	(4,286)	(4,818)
Increase (decrease) in:		
Accounts payable	111,956	(67,079)
Accrued vacation	6,809	17,771
Royalty payable	350,494	120,751
Surplus share payable	15,347	(24,641)
Deferred subscription income, net of discounts	<u>(26,295)</u>	<u>565,087</u>
Net cash provided by operating activities	<u>1,485,205</u>	<u>1,535,355</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,018,336)	(3,781,663)
Proceeds from sale investments	2,239,728	1,700,000
Purchase of certificate of deposit	<u>-</u>	<u>(18,818)</u>
Net cash used by investing activities	<u>(778,608)</u>	<u>(2,100,481)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	<u>-</u>	<u>145,400</u>
Net cash provided by financing activities	<u>-</u>	<u>145,400</u>
Net increase (decrease) in cash and cash equivalents	706,597	(419,726)
Cash and cash equivalents at beginning of year	<u>656,834</u>	<u>1,076,560</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,363,431</u></b>	<b><u>\$ 656,834</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
<b>SCHEDULE OF NONCASH FINANCING TRANSACTIONS</b>		
Extinguishment of Debt	<b><u>\$ 145,400</u></b>	<b><u>\$ -</u></b>

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

BioOne was incorporated on August 23, 1999, as a not-for-profit corporation under the statutes of the District of Columbia.

BioOne sees sustainable scholarly publishing as an inherently collaborative enterprise connecting authors, nonprofit publishers, academic institutions, research libraries, and research funders in the common goal of maximizing access to critical research. BioOne explores economic models and strategic partnerships that balance the needs of all stakeholders, and currently demonstrates this balance by offering financially sustainable information services in the biological and environmental sciences.

BioOne supports best practices that increase operational effectiveness and technological standards that integrate its content with a global network of scholarly exchange.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net assets categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. There were no net assets with donor restrictions at December 31, 2021 and 2020.

##### Cash and cash equivalents -

BioOne considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, and excluding cash and money market funds held by investment managers in the amounts of \$6,399,071 and \$5,781,264 for the years ended December 31, 2021 and 2020, respectively.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, BioOne maintains cash balances in excess of the FDIC insurance limits to meet its obligations. Management believes the risk in these situations to be minimal.

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Investments -

Investments are recorded at their fair value in the accompanying Statements of Financial Position. Interest and dividends are presented net of investment expenses paid to external investment advisors in the accompanying Statements of Activities and Changes in Net Assets. Realized and unrealized gains and losses are included as other items on the accompanying Statements of Activities and Changes in Net Assets.

##### Investment risks and uncertainties -

BioOne invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

##### Accounts receivable -

Accounts receivable are recognized at their net realizable value and consist primarily of subscription sales revenue reported by sales agents but not yet remitted to BioOne. BioOne utilizes the allowance method to establish a reserve for uncollectable accounts receivable. The reserve is calculated monthly based on receivables over 120 days old. Management of BioOne also performs a monthly review to determine receivables that are not collectable based on established criteria. These uncollectable receivables from subscriptions are charged to bad debt expense on a quarterly basis. For the years ended December 31, 2021 and 2020, the allowance for doubtful accounts totaled \$1,004 and \$1,458, respectively.

##### Intangible asset -

BioOne developed an on-line platform to host their digital subscriptions. Costs incurred "to develop or obtain software that allows for access to or conversion of old data by new systems" have been capitalized. The intangible asset is being amortized using the straight-line method over five years. For both of the years ended December 31, 2021 and 2020, amortization expense totaled \$98,080 and is included in general and administrative expense on the accompanying Statements of Functional Expenses.

##### In-kind contributions -

In-kind contributions consists primarily of legal and accounting services. All in-kind contributions have been recorded at their fair value as of the date of gift or service.

##### Fair value measurement -

BioOne adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

In accordance with FASB ASC 820, *Fair Value Measurement*, BioOne has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Fair value measurement (continued) -

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

##### Surplus payable and related expense -

For any fiscal year in which BioOne realizes an operating surplus, BioOne's Board of Directors may, at its discretion, elect to distribute a portion of that surplus to its participating publishers. Surplus share payable at year-end represents the discretionary amounts authorized by the Board for that year.

##### Royalty payable and related expense -

BioOne pays royalties to participating publishers based on contractually specified percentages of net subscription and ancillary revenue earnings.

Royalty expenses include 50% of net subscription sales earned in the current calendar year for BioOne.1, BioOne.2 and BioOne Complete and 100% of net ancillary revenues reported in the current calendar year for pay-per-view sales and copyright permission fees. Distributions of royalties are based on the publisher's pro-rata shares of 1) cumulative number of pages contributed to the database and 2) annual number of royalty-eligible user accesses to that content, excluding member, administrative, and machine-automated "bot" usage. Royalty on BioOne Access is calculated as 50% of net sales divided evenly between all active publications. There is no royalty paid on Open Access.

Royalty payable at year-end represents amounts owed to participating publishers and not paid as of year-end. Royalty payable as of December 31, 2021 and 2020, was \$4,005,340 and \$3,654,846, respectively.

##### Revenue -

BioOne records the majority of their revenue classified as exchange transactions under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. BioOne has elected to opt out of all (or certain) disclosures not required for nonpublic entities.

Revenue received for subscriptions are stated at gross amounts, inclusive of discounts and commissions, and are recognized as earned once the performance obligations are met which is in the year the subscription is available. The transaction price is determined based on sales price. Any amount received in advance of the subscription year is recorded as deferred subscription income. At December 31, 2021 and 2020, deferred subscription income, net of discounts and commissions consisted of \$2,904,088 and \$2,930,383, respectively.

Ancillary revenue is derived from pay-per-view purchases and copyright permission fees and are recognized once the performance obligations are met. The transaction price is determined based on sales price. Ancillary revenue received by BioOne is passed directly to the earning publisher annually with the revenue share. These fees are received and recorded based on when the performance obligations are met which is monthly.

# BIOONE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

#### Revenue (continued) -

Open Access income is received from publishers in BioOne's Open Access collection and services are provided throughout the annual period. The transaction price is determined based on sales price. Revenue is recognized once the performance obligation is met which is over a period of time in the year of participation.

BioOne Complete Archive is a one-time sales platform for content that is more than five years old. Revenue is recognized upon the sale as there is no subscription. The performance obligation is considered met when access is granted.

#### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Shared expense allocations for each content collection ("BioOne.1", "BioOne.2", and "BioOne OA") are made based on each collection's annual content contribution (i.e., % of total pages contributed to the database). For the years ended December 31, 2021 and 2020, allocations are as follows:

	<u>2021</u>	<u>2020</u>
BioOne.1	62.14 %	64.25 %
BioOne.2	34.07 %	27.53 %
BioOne Open Access	3.79 %	8.23 %

#### Foreign currency translation -

The U.S. Dollar ("Dollars") is the functional currency for BioOne's operations worldwide. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rates of exchange in effect during the month of the transaction.

#### Income tax status -

BioOne is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. BioOne is not a private foundation.

#### Uncertain tax positions -

For the years ended December 31, 2021 and 2020, BioOne has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

#### Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

##### New accounting pronouncements (to be adopted in the upcoming year) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

BioOne plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

##### Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact BioOne's operations. The overall potential impact is unknown at this time.

#### 2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, BioOne has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**BIOONE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**2. INVESTMENTS (Continued)**

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market BioOne has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2021 and 2020. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - Fair value is equal to the reported net asset value of the fund.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

At December 31, 2021 and 2020, per BioOne's investment strategy, investments consisted of the following and are classified under Level 1 hierarchy:

	<b>2021</b>	<b>2020</b>
Short-term:		
Mutual Fund:		
U.S. Treasury Money Market Fund	\$ <u>6,393,718</u>	\$ <u>5,768,129</u>
Long-term:		
Cash	5,353	13,135
Mutual Funds:		
Fixed Income Taxable Funds	1,400,227	-
Fixed Income Taxable Intermediate	-	648,537
Bond Inflation Strategy	501,689	465,245
Global Fixed Income	-	637,925
U.S. Equity Strategic	568,890	785,388
International Equity	645,103	247,400
International Small/Mid-Cap Equity	-	56,460
Emerging Market	-	44,843
Real Asset Securities	133,610	101,285
Dynamic Asset Allocation	<u>1,391,509</u>	<u>1,250,996</u>
Total long-term	<u>4,646,381</u>	<u>4,251,214</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 11,040,099</u></b>	<b><u>\$ 10,019,343</u></b>

Subsequent to year-end, the investment portfolio has declined to approximately \$10,720,000 due to the volatility of the market.

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 2. INVESTMENTS (Continued)

Included in investment income are the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 167,797	\$ 95,862
Management fees	<u>(14,188)</u>	<u>(8,957)</u>
Interest and dividends, net	153,609	86,905
Unrealized gain	<u>242,688</u>	<u>265,760</u>
<b>TOTAL INVESTMENT INCOME, NET</b>	<b><u>\$ 396,297</u></b>	<b><u>\$ 352,665</u></b>

#### 3. LEASE COMMITMENT

BioOne sub-leases office space under an annual written agreement. Rent expense, included in general and administrative on the accompanying Statements of Functional Expenses, totaled \$16,230 and \$22,447 for the years ended December 31, 2021 and 2020, respectively.

#### 4. LETTER OF CREDIT

BioOne was required by the Government of Brazil to obtain a letter of credit for its subscription through CAPES. BioOne originally purchased a certificate of deposit in 2009 in the amount \$18,545 to secure the letter of credit. As of December 31, 2021 and 2020, the balance of the letter was \$36,466 and \$35,926, respectively.

#### 5. LOAN PAYABLE

On May 4, 2020, BioOne received loan proceeds in the amount of \$145,400 under the Paycheck Protection Program. The promissory note called for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. BioOne used the proceeds for purposes consistent with the Paycheck Protection Program and received forgiveness of the loan in whole on May 21, 2021. Accordingly, BioOne recorded revenue from extinguishment of debt during the year ended December 31, 2021 and is included as an other item on the accompanying Statements of Activities and Change in Net Assets.

#### 6. BOARD DESIGNATED NET ASSETS

The Board of Directors has created an Operating Reserve Fund (ORF). The general purpose of the ORF is to help ensure the long-term financial stability of BioOne and allow BioOne to respond to varying economic conditions and changes affecting its financial position and ability to carry out its mission. The target amount to be attained is six months of current annual operating expense.

Along with the ORF, the Board of Directors designated the Capital Reserve Fund in 2010. The general purpose of the Fund is to ensure that BioOne can meet the needs of its stakeholders by being able to invest in technology and infrastructure to remain competitive in the digital publishing industry. The Capital Reserve Fund should be funded, in whole or in part, only after the Board Designated Operating Reserve Fund has been fully funded.



## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### 6. BOARD DESIGNATED NET ASSETS (Continued)

Sources of future funding for the Operating Reserve Fund and the Capital Reserve Fund include: realized earnings on investments, other income received not related to subscription sales and other sources that the Finance Committee may deem appropriate. The Operating Reserve Fund's balance at December 31, 2021 and 2020 was \$1,500,000 and \$1,400,000, respectively. The balance of the Capital Reserve Fund at December 31, 2021 and 2020 was \$3,229,528 and \$2,247,662, respectively.

#### 7. RETIREMENT PLAN

BioOne provides retirement benefits to its employees through a defined contribution plan covering all full-time, permanent employees. BioOne contributes 15% percent of gross wages. Contributions to the Plan during the years ended December 31, 2021 and 2020 were \$123,817 and \$119,352, respectively. These are included in Personnel expenses on the Statements of Activities and Changes in Net Assets.

#### 8. LIQUIDITY

Financial assets available for use within one year of the Statements of Financial Position comprise the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,363,431	\$ 656,834
Investments	6,393,718	5,768,129
Accounts receivable, net of allowance for doubtful accounts	285,036	524,358
Operating Reserve Fund	(1,500,000)	(1,400,000)
Capital Reserve Fund	<u>(3,229,528)</u>	<u>(2,247,662)</u>
<b>TOTAL FINANCIAL ASSETS AVAILABLE FOR USE FOR GENERAL PURPOSES WITHIN ONE YEAR</b>	<b><u>\$ 3,312,657</u></b>	<b><u>\$ 3,301,659</u></b>

BioOne has a policy to structure its financial assets to be available and liquid as its obligations become due. In the event of an unanticipated liquidity need, BioOne draws from its Board designated funds. Please see Note 6 for a description of the Board designated funds.

#### 9. RELATED PARTY

BioOne engages in a Facilities, Services and Expenses agreement with the Association of Research Laboratories (ARL). ARL is a founding organization of BioOne and shares its mission of enhancing access to scientific information for the benefit of scientific societies, universities, libraries, researchers, scholars and students. ARL has provided BioOne since its inception with office space and support services to facilitate its operation.

During the years ended December 31, 2021 and 2020, ARL provided and billed BioOne for office space. Additionally an annual fee is paid by BioOne for support services provided by ARL. These support services include routine operating functions, IT services, administration of employee benefit programs and other management assistance as needed. Other direct charges are also billed to BioOne monthly. These charges include payroll, travel advances, mailings and telephone charges.

**BIOONE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**10. SUBSEQUENT EVENT**

In preparing these financial statements, BioOne has evaluated events and transactions for potential recognition or disclosure through May 13, 2022, the date the financial statements were issued.

**SUPPLEMENTAL INFORMATION**

## BIOONE

SCHEDULE OF FUNCTIONAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services						Total Program Services	Management and General	Total
	BioOne.1	BioOne.2	BioOne Complete	BioOne Complete Archive	BioOne Open Access	Career Center			
<b>REVENUE</b>									
Subscription sales	\$ 773,155	\$ 78,799	\$ 11,617,824	\$ 56,829	\$ -	\$ -	\$ 12,526,607	\$ -	\$ 12,526,607
Interest and dividends, net	-	-	-	-	-	-	-	153,609	153,609
Ancillary revenue	44,393	15,406	-	-	-	-	59,799	15	59,814
Open Access	-	-	-	-	44,185	-	44,185	-	44,185
In-kind contributions	-	-	-	-	-	-	-	13,575	13,575
Career center income	-	-	-	-	-	85	85	269	354
Total revenue	817,548	94,205	11,617,824	56,829	44,185	85	12,630,676	167,468	12,798,144
<b>EXPENSES</b>									
Royalty expenses	377,923	36,427	3,566,696	24,294	-	-	4,005,340	-	4,005,340
Discounts and commissions	104,603	35,902	4,484,432	8,240	-	-	4,633,177	-	4,633,177
Technology expenses	109,892	58,413	459,017	-	8,991	-	636,313	13,115	649,428
Personnel expenses	-	-	-	-	-	-	-	1,159,451	1,159,451
Professional contract services	-	-	-	-	-	-	-	250,874	250,874
General and administrative	(2,466)	158	12,720	-	-	-	10,562	395,598	406,160
Travel and meetings	-	-	-	-	-	-	5,900	15,793	21,693
Total expenses	589,952	130,900	8,522,865	32,534	8,991	-	9,291,292	1,834,831	11,126,123
<b>OTHER ITEMS</b>									
Surplus share	(476,526)	(476,526)	-	-	-	-	(953,052)	-	(953,052)
Extinguishment of debt	-	-	-	-	-	-	-	145,400	145,400
Foreign currency loss	-	-	-	-	-	-	-	(25,645)	(25,645)
Bad debt recovery	-	-	-	-	-	-	-	454	454
Unrealized gain on investments	-	-	-	-	-	-	-	242,688	242,688
<b>CHANGE IN NET ASSETS</b>	<b>\$ (248,930)</b>	<b>\$ (513,221)</b>	<b>\$ 3,094,959</b>	<b>\$ 24,295</b>	<b>\$ 35,194</b>	<b>\$ 85</b>	<b>\$ 2,386,332</b>	<b>\$ (1,304,466)</b>	<b>\$ 1,081,866</b>

## BIOONE

**SCHEDULE OF FUNCTIONAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services					Total Program Services	Management and General	Total
	BioOne.1	BioOne.2	BioOne Open Access	Career Center	Education			
<b>REVENUE</b>								
Subscription sales	\$ 7,586,248	\$ 4,480,874	\$ -	\$ -	\$ -	\$ 12,067,122	\$ -	\$ 12,067,122
Interest and dividends, net	-	-	-	-	-	-	86,906	86,906
Ancillary revenue	25,401	9,515	-	-	-	34,916	-	34,916
Open Access	-	-	56,937	-	-	56,937	-	56,937
In-kind contributions	-	-	-	-	-	-	14,355	14,355
Miscellaneous	-	-	-	50	-	50	273	323
Total revenue	7,611,649	4,490,389	56,937	50	-	12,159,025	101,534	12,260,559
<b>EXPENSES</b>								
Royalty expenses	2,392,415	1,262,431	-	-	-	3,654,846	-	3,654,846
Discounts and commissions	2,851,700	1,973,419	-	-	-	4,825,119	-	4,825,119
Technology expenses	400,896	175,230	46,710	-	-	622,836	48,003	670,839
Personnel expenses	-	-	-	-	-	-	1,087,151	1,087,151
Professional contract services	32	14	4	-	-	50	239,615	239,665
General and administrative	863	499	27	6,001	-	7,390	415,360	422,750
Travel and meetings	-	-	-	-	5,800	5,800	45,544	51,344
Total expenses	5,645,906	3,411,593	46,741	6,001	5,800	9,116,041	1,835,673	10,951,714
Total operating surplus (deficit) before other items	1,965,743	1,078,796	10,196	(5,951)	(5,800)	3,042,984	(1,734,139)	1,308,845
Surplus share	(562,623)	(375,082)	-	-	-	(937,705)	-	(937,705)
Foreign currency loss	-	-	-	-	-	-	(2,168)	(2,168)
Bad debt expense	-	-	-	-	-	-	(29,677)	(29,677)
Unrealized gain on investments	-	-	-	-	-	-	265,760	265,760
<b>CHANGE IN NET ASSETS</b>	<b>\$ 1,403,120</b>	<b>\$ 703,714</b>	<b>\$ 10,196</b>	<b>\$ (5,951)</b>	<b>\$ (5,800)</b>	<b>\$ 2,105,279</b>	<b>\$ (1,500,224)</b>	<b>\$ 605,055</b>