

**FINANCIAL STATEMENTS**



**BioOne**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

# 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, 2023 and 2022, 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, 2023 and 2022, 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 14, 2024

## BIOONE

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023 AND 2022

## ASSETS

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 963,543	\$ 1,653,176
Investments, short-term	7,018,849	6,225,048
Accounts receivable, net	355,624	274,769
Prepaid expenses	<u>62,089</u>	<u>75,903</u>
Total current assets	<u>8,400,105</u>	<u>8,228,896</u>
<b>OTHER ASSETS</b>		
Investments, long-term	4,797,939	3,875,530
Intangible asset, net	<u>-</u>	<u>98,080</u>
Total other assets	<u>4,797,939</u>	<u>3,973,610</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 13,198,044</u></b>	<b><u>\$ 12,202,506</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 407,408	\$ 236,496
Accrued vacation	88,298	60,669
Royalty payable	3,918,821	4,019,594
Surplus share payable	987,659	946,992
Deferred subscription income	<u>2,312,708</u>	<u>2,307,811</u>
Total liabilities	<u>7,714,894</u>	<u>7,571,562</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Board designated:		
Operating Reserve Fund	1,500,000	1,500,000
Capital Reserve Fund	<u>3,983,150</u>	<u>3,130,944</u>
Total net assets	<u>5,483,150</u>	<u>4,630,944</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 13,198,044</u></b>	<b><u>\$ 12,202,506</u></b>

## BIOONE

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Without Donor Restrictions</u>	
	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Subscription sales	\$ 12,487,287	\$ 11,242,141
Interest and dividends, net	343,261	159,321
Ancillary revenue	45,635	50,568
Open Access	37,615	28,223
In-kind contributions	3,200	12,357
Other	<u>533</u>	<u>6,038</u>
Total revenue	<u>12,917,531</u>	<u>11,498,648</u>
<b>EXPENSES</b>		
Program Services:		
BioOne.1	-	126,309
BioOne.2	-	63,308
BioOne Complete	9,240,220	7,556,141
BioOne Complete Archive	56,666	196,791
BioOne Open Access	13,090	26,421
eBook Collection	121,006	-
Education	<u>6,080</u>	<u>6,200</u>
Total program services	9,437,062	7,975,170
Supporting Services:		
Management and General	<u>2,006,351</u>	<u>1,769,789</u>
Total expenses	<u>11,443,413</u>	<u>9,744,959</u>
Total operating surplus before other items	<u>1,474,118</u>	<u>1,753,689</u>
<b>OTHER ITEMS</b>		
Surplus share	(987,659)	(946,992)
Foreign currency loss	(7,203)	(28,024)
Bad debt expense	-	(28,420)
Unrealized gain (loss) on investments	<u>372,950</u>	<u>(848,837)</u>
Total other items	<u>(621,912)</u>	<u>(1,852,273)</u>
Changes in net assets	852,206	(98,584)
Net assets at beginning of year	<u>4,630,944</u>	<u>4,729,528</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 5,483,150</u></b>	<b><u>\$ 4,630,944</u></b>

## BIOONE

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services					Supporting Services		Total Expenses
	BioOne Complete	BioOne Complete Archive	BioOne Open Access	eBook Collection	Education	Total Program Services	Management and General	
Royalty expenses	\$ 3,832,159	\$ 49,221	\$ -	\$ 37,442	\$ -	\$ 3,918,822	\$ -	\$ 3,918,822
Discounts and commissions	4,652,845	7,269	-	22,716	-	4,682,830	-	4,682,830
Personnel expenses	-	-	-	-	-	-	1,408,583	1,408,583
Technology expenses	562,036	-	6,990	59,969	-	628,995	31,385	660,380
General and administrative	56,433	-	-	-	30	56,463	333,177	389,640
Professional contract services	-	-	-	-	6,050	6,050	141,392	147,442
Board-approved strategic expenditures	150,000	-	-	-	-	150,000	3,500	153,500
Credit recovery	(13,530)	176	6,100	879	-	(6,375)	(718)	(7,093)
Travel and meetings	277	-	-	-	-	277	89,032	89,309
Sub-total	9,240,220	56,666	13,090	121,006	6,080	9,437,062	2,006,351	11,443,413
Add: Items included in other items:								
Surplus share	987,659	-	-	-	-	987,659	-	987,659
Foreign currency loss	-	-	-	-	-	-	7,203	7,203
<b>TOTAL</b>	<b>\$ 10,227,879</b>	<b>\$ 56,666</b>	<b>\$ 13,090</b>	<b>\$ 121,006</b>	<b>\$ 6,080</b>	<b>\$ 10,424,721</b>	<b>\$ 2,013,554</b>	<b>\$ 12,438,275</b>

See accompanying notes to financial statements.

## BIOONE

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services						Supporting Services		Total Expenses
	BioOne.1	BioOne.2	BioOne Complete	BioOne Complete Archive	BioOne Open Access	Education	Total Program Services	Management and General	
Royalty expenses	\$ 35,175	\$ 13,992	\$ 3,793,617	\$ 176,810	\$ -	\$ -	\$ 4,019,594	\$ -	\$ 4,019,594
Discounts and commissions	4,631	-	3,276,675	19,981	-	-	3,301,287	-	3,301,287
Personnel expenses	-	-	-	-	-	-	-	1,161,347	1,161,347
Technology expenses	85,806	48,916	459,990	-	6,846	-	601,558	9,090	610,648
General and administrative	697	400	25,859	-	-	150	27,106	364,581	391,687
Professional contract services	-	-	-	-	19,575	-	19,575	171,964	191,539
Travel and meetings	-	-	-	-	-	6,050	6,050	62,807	68,857
Sub-total	126,309	63,308	7,556,141	196,791	26,421	6,200	7,975,170	1,769,789	9,744,959
Add: Items included in other items:									
Surplus share	473,496	473,496	-	-	-	-	946,992	-	946,992
Foreign currency loss	-	-	-	-	-	-	-	28,024	28,024
Bad debt expense	-	-	-	-	-	-	-	28,420	28,420
<b>TOTAL</b>	<b>\$ 599,805</b>	<b>\$ 536,804</b>	<b>\$ 7,556,141</b>	<b>\$ 196,791</b>	<b>\$ 26,421</b>	<b>\$ 6,200</b>	<b>\$ 8,922,162</b>	<b>\$ 1,826,233</b>	<b>\$ 10,748,395</b>

See accompanying notes to financial statements.



## BIOONE

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 852,206	\$ (98,584)
Adjustments to reconcile changes in net assets to . net cash provided by operating activities:		
Amortization	98,080	98,080
Unrealized (gain) loss	(372,950)	848,837
Change in allowance for doubtful accounts	-	(14,735)
Change in allowance for credit losses	(7,093)	-
(Increase) decrease in:		
Accounts receivable, net	(73,762)	25,002
Prepaid expenses	13,814	(25,057)
Increase (decrease) in:		
Accounts payable	170,912	(79,426)
Accrued vacation	27,629	(3,439)
Royalty payable	(100,773)	14,254
Surplus share payable	40,667	(6,060)
Deferred subscription income	<u>4,897</u>	<u>(596,277)</u>
Net cash provided by operating activities	<u>653,627</u>	<u>162,595</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,343,260)	(169,645)
Proceeds from transfers of cash from investments	-	260,329
Redemption of certificate of deposit	<u>-</u>	<u>36,466</u>
Net cash (used) provided by investing activities	<u>(1,343,260)</u>	<u>127,150</u>
Net (decrease) increase in cash and cash equivalents	(689,633)	289,745
Cash and cash equivalents at beginning of year	<u>1,653,176</u>	<u>1,363,431</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 963,543</u></b>	<b><u>\$ 1,653,176</u></b>

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

##### Organization -

BioOne was formed 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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows: 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service. There were no net assets with donor restrictions at December 31, 2023 and 2022.

##### New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by BioOne that are subject to the guidance in FASB ASC 326 are trade accounts receivable. BioOne implemented the ASU on January 1, 2023 using a modified retrospective approach.

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

##### 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 \$7,040,477 and \$6,241,716 for the years ended December 31, 2023 and 2022, 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.

##### 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 primarily consists of amounts due within one year related to subscriptions receivable. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. At December 31, 2023, the allowance for credit loss totaled \$8,646. At December 31, 2022 the allowance for bad debt totaled \$15,739.

##### 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, 2023 and 2022, amortization expense totaled \$98,080 and is included in general and administrative expense in the accompanying Statements of Functional Expenses.

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

##### In-kind contributions -

In-kind contributions consist of accounting services and are recorded at their fair value. The fair value is based on the cost that BioOne would pay if they were to obtain similar services in the market. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BioOne. There were no donor-imposed restrictions associated with the in-kind contributions during the years ended December 31, 2023 and 2022. In-kind contributions benefited Management and General and is included in general and administrative in the accompanying Statements of Functional Expenses.

##### Surplus share 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, BioOne Complete and eBook Collection 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 Complete 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, 2023 and 2022, was \$3,918,821 and \$4,019,594, respectively.

##### Revenue -

BioOne's subscription sales is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. BioOne has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. BioOne's contracts with customers generally have initial terms of one year or less.

##### Publications and subscriptions -

Revenue received for subscriptions is stated at gross amounts and is 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.

# BIOONE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

Revenue (continued) -

Publications and subscriptions (continued) -

At December 31, 2023 and 2022, deferred subscription income, net of discounts and commissions consisted of \$2,312,708 and \$2,307,811, 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.

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 number of pages processed during the volume year. 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 product 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.

BioOne eBook Collections are a one-time sales product, comprised of backlist titles from a BioOne publisher or group of publishers around a curated topic. Revenue is recognized upon the collection 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, 2023 and 2022, allocations are as follows:

	<u>2023</u>	<u>2022</u>
BioOne.1	- %	63.40 %
BioOne.2	- %	31.95 %
BioOne Open Access	9.45 %	4.65 %
BioOne Complete	90.55 %	- %

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.

# BIOONE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

#### Income tax status -

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

#### 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.

### 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.

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, 2023 and 2022. 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.
- *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.

**BIOONE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**2. INVESTMENTS (Continued)**

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
U.S. Treasury money market fund	\$ 7,018,849	\$ -	\$ -	\$ 7,018,849
Cash	21,628	-	-	21,628
Mutual funds:				
Fixed income Taxable Funds	2,835,731	-	-	2,835,731
U.S. Equity Strategic	782,741	-	-	782,741
International Equity	968,846	-	-	968,846
Real Asset Securities	<u>188,993</u>	<u>-</u>	<u>-</u>	<u>188,993</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 11,816,788</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,816,788</u></b>

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
U.S. Treasury money market fund	\$ 6,225,048	\$ -	\$ -	\$ 6,225,048
Cash	16,668	-	-	16,668
Mutual funds:				
Fixed income Taxable Funds	1,198,266	-	-	1,198,266
Bond Inflation Strategy	457,263	-	-	457,263
U.S. Equity Strategic	437,530	-	-	437,530
International Equity	494,678	-	-	494,678
Real Asset Securities	127,585	-	-	127,585
Dynamic Asset Allocation	<u>1,143,540</u>	<u>-</u>	<u>-</u>	<u>1,143,540</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 10,100,578</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,100,578</u></b>

Net investment return consisted of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 357,223	\$ 169,650
Management fees	<u>(13,962)</u>	<u>(10,329)</u>
Interest and dividends, net	343,261	159,321
Unrealized gain (loss)	<u>372,950</u>	<u>(848,837)</u>
<b>NET INVESTMENT RETURN</b>	<b><u>\$ 716,211</u></b>	<b><u>\$ (689,516)</u></b>

**BIOONE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**3. CONTRACT ASSETS AND CONTRACT LIABILITIES**

Accounts receivable consisted of the following revenue streams as of:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Subscriptions	\$ 321,794	\$ 254,532	\$ 216,371
Other	42,476	35,976	69,669
Less: Allowance for doubtful accounts	-	(15,739)	(1,004)
Less: Allowance for credit losses	<u>(8,646)</u>	<u>-</u>	<u>-</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b><u>\$ 355,624</u></b>	<b><u>\$ 274,769</u></b>	<b><u>\$ 285,036</u></b>

The allowance for credit losses consisted for the following as of and for the year ended December 31, 2023:

Allowance for credit losses, beginning of year	\$ 6,896
Additions (charges to expenses)	<u>1,750</u>
<b>ALLOWANCE FOR CREDIT LOSSES, END OF YEAR</b>	<b><u>\$ 8,646</u></b>

Deferred subscription income consisted of the following as of:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
<b>Subscriptions</b>	<b><u>\$ 2,312,708</u></b>	<b><u>\$ 2,307,811</u></b>	<b><u>\$ 2,904,088</u></b>

**4. 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 \$17,773 and \$17,041 for the years ended December 31, 2023 and 2022, respectively.

**5. LETTER OF CREDIT**

BioOne was required by the Brazilian consortia CAPES (COORDENACAO DE APERFEICOAMENTO DE PESSOAL DE NIVEL SUPERIOR) to obtain a letter of credit to guarantee CAPES' subscription to BioOne Complete. BioOne purchased and held a series of renewed certificates of deposit with SunTrust Bank (now Truist) to fulfill this guarantee.

To remain in compliance with BioOne's CAPES Agreement, initiated September 30, 2022, BioOne obtained a standby letter of credit with PNC in October 2022. As of December 31, 2023 and 2022, the balance of the letter was \$24,884. The standby letter of credit is collateralized by assets held at PNC.

**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.



## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

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.

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, 2023 and 2022 was \$1,500,000 and \$1,500,000, respectively. The balance of the Capital Reserve Fund at December 31, 2023 and 2022 was \$3,983,150 and \$3,130,944, respectively.

#### 7. RETIREMENT PLAN

BioOne provides retirement benefits to its employees through a defined contribution plan (the Plan) covering all full-time, permanent employees. BioOne contributes 15% percent of gross wages. Contributions to the Plan during the years ended December 31, 2023 and 2022 were \$150,825 and \$126,222, respectively. These are included in personnel expenses in the Statements of Functional Expenses.

#### 8. LIQUIDITY

Financial assets available for use within one year of the Statements of Financial Position comprise the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 963,543	\$ 1,653,176
Investments	7,018,849	6,225,048
Accounts receivable, net	355,624	274,769
Operating Reserve Fund	(1,500,000)	(1,500,000)
Capital Reserve Fund	<u>(3,983,150)</u>	<u>(3,130,944)</u>
<b>TOTAL FINANCIAL ASSETS AVAILABLE FOR USE FOR GENERAL PURPOSES WITHIN ONE YEAR</b>	<b><u>\$ 2,854,866</u></b>	<b><u>\$ 3,522,049</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. Refer to 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 Libraries (ARL). ARL is an early supporter of BioOne and shares its mission of enhancing access to scientific information for the benefit of scientific societies, universities, libraries, researchers, scholars and students.

During the years ended December 31, 2023 and 2022, 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.

## BIOONE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

#### 9. RELATED PARTY (Continued)

Other direct charges are also billed to BioOne monthly. These charges include payroll, travel advances, mailings and telephone charges. BioOne paid \$1,349,411 and \$1,328,318, respectively, during the years ended December 2023 and 2022 for these services. At December 31, 2023 and 2022, BioOne owed ARL \$245,063 and \$102,773, respectively. These amounts are included in accounts payable in the accompanying Statements of Financial Position.

#### 10. SUBSEQUENT EVENT

In preparing these financial statements, BioOne has evaluated events and transactions for potential recognition or disclosure through May 14, 2024, the date the financial statements were issued.

**SUPPLEMENTAL INFORMATION**

## BIOONE

**SCHEDULE OF FUNCTIONAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services					Total	Supporting Services	Total
	BioOne Complete	BioOne Complete Archive	BioOne Open Access	eBook Collection	Education	Program Services	Management and General	
<b>REVENUE</b>								
Subscription sales	\$ 12,228,627	\$ 105,710	\$ -	\$ 152,950	\$ -	\$ 12,487,287	\$ -	\$ 12,487,287
Interest and dividends, net	-	-	-	-	-	-	343,261	343,261
Ancillary revenue	45,635	-	-	-	-	45,635	-	45,635
Open Access	-	-	37,615	-	-	37,615	-	37,615
In-kind contributions	-	-	-	-	-	-	3,200	3,200
Other	175	-	74	-	-	249	284	533
Total revenue	<u>12,274,437</u>	<u>105,710</u>	<u>37,689</u>	<u>152,950</u>	<u>-</u>	<u>12,570,786</u>	<u>346,745</u>	<u>12,917,531</u>
<b>EXPENSES</b>								
Royalty expenses	3,832,159	49,221	-	37,442	-	3,918,822	-	3,918,822
Discounts and commissions	4,652,845	7,269	-	22,716	-	4,682,830	-	4,682,830
Personnel expenses	-	-	-	-	-	-	1,408,583	1,408,583
Technology expenses	562,036	-	6,990	59,969	-	628,995	31,385	660,380
General and administrative	56,433	-	-	-	30	56,463	333,177	389,640
Professional contract services	-	-	-	-	6,050	6,050	141,392	147,442
Board-approved strategic expenditures	150,000	-	-	-	-	150,000	3,500	153,500
Credit recovery	(13,530)	176	6,100	879	-	(6,375)	(718)	(7,093)
Travel and meetings	277	-	-	-	-	277	89,032	89,309
Total expenses	<u>9,240,220</u>	<u>56,666</u>	<u>13,090</u>	<u>121,006</u>	<u>6,080</u>	<u>9,437,062</u>	<u>2,006,351</u>	<u>11,443,413</u>
<b>OTHER ITEMS</b>								
Surplus share	(987,659)	-	-	-	-	(987,659)	-	(987,659)
Foreign currency loss	-	-	-	-	-	-	(7,203)	(7,203)
Unrealized gain on investments	-	-	-	-	-	-	372,950	372,950
Total other items	<u>(987,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(987,659)</u>	<u>365,747</u>	<u>(621,912)</u>
<b>CHANGE IN NET ASSETS</b>	<b><u>\$ 2,046,558</u></b>	<b><u>\$ 49,044</u></b>	<b><u>\$ 24,599</u></b>	<b><u>\$ 31,944</u></b>	<b><u>\$ (6,080)</u></b>	<b><u>\$ 2,146,065</u></b>	<b><u>\$ (1,293,859)</u></b>	<b><u>\$ 852,206</u></b>

## BIOONE

**SCHEDULE OF FUNCTIONAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services						Supporting Services		
	BioOne.1	BioOne.2	BioOne Complete	BioOne Complete Archive	BioOne Open Access	Education	Total Program Services	Management and General	Total
<b>REVENUE</b>									
Subscription sales	\$ 39,706	\$ -	\$ 10,828,834	\$ 373,601	\$ -	\$ -	\$ 11,242,141	\$ -	\$ 11,242,141
Interest and dividends, net	-	-	-	-	-	-	-	159,321	159,321
Ancillary revenue	36,091	14,477	-	-	-	-	50,568	-	50,568
Open Access	-	-	-	-	28,223	-	28,223	-	28,223
In-kind contributions	-	-	-	-	-	-	-	12,357	12,357
Other	-	-	-	-	-	-	-	6,038	6,038
Total revenue	75,797	14,477	10,828,834	373,601	28,223	-	11,320,932	177,716	11,498,648
<b>EXPENSES</b>									
Royalty expenses	35,175	13,992	3,793,617	176,810	-	-	4,019,594	-	4,019,594
Discounts and commissions	4,631	-	3,276,675	19,981	-	-	3,301,287	-	3,301,287
Personnel expenses	-	-	-	-	-	-	-	1,161,347	1,161,347
Technology expenses	85,806	48,916	459,990	-	6,846	-	601,558	9,090	610,648
General and administrative	697	400	25,859	-	-	150	27,106	354,252	381,358
Professional contract services	-	-	-	-	19,575	-	19,575	182,293	201,868
Travel and meetings	-	-	-	-	-	6,050	6,050	62,807	68,857
Total expenses	126,309	63,308	7,556,141	196,791	26,421	6,200	7,975,170	1,769,789	9,744,959
<b>OTHER ITEMS</b>									
Surplus share	(473,496)	(473,496)	-	-	-	-	(946,992)	-	(946,992)
Foreign currency loss	-	-	-	-	-	-	-	(28,024)	(28,024)
Bad debt expense	-	-	-	-	-	-	-	(28,420)	(28,420)
Unrealized loss on investments	-	-	-	-	-	-	-	(848,837)	(848,837)
<b>CHANGE IN NET ASSETS</b>	<b>\$ (524,008)</b>	<b>\$ (522,327)</b>	<b>\$ 3,272,693</b>	<b>\$ 176,810</b>	<b>\$ 1,802</b>	<b>\$ (6,200)</b>	<b>\$ 2,398,770</b>	<b>\$ (2,497,354)</b>	<b>\$ (98,584)</b>