

**AMERICA'S BLOOD CENTERS AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2009 AND 2008**

**AMERICA'S BLOOD CENTERS AND AFFILIATE
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YEARS ENDED MARCH 31, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

To the Members
America's Blood Centers and Affiliate
Washington, DC

We have audited the accompanying consolidated statements of financial position of America's Blood Centers and Affiliate (ABC) as of March 31, 2009 and 2008, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of ABC's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ABC as of March 31, 2009 and 2008, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
August 10, 2009

**AMERICA'S BLOOD CENTERS AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2009 AND 2008**

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,304,828	\$ 1,579,919
Accounts Receivable	8,959	10,460
Other Receivables	4,000	-
Pledges Receivable, Current Portion	210,839	235,681
Due From GSABC	278,156	343,000
Investments - Marketable Securities	662,630	317,402
Prepaid Expenses and Other Assets	58,794	50,080
Total Current Assets	2,528,206	2,536,542
PROPERTY AND EQUIPMENT		
Property and Equipment	1,096,762	944,220
Less: Accumulated Depreciation	(740,716)	(648,040)
Net Property and Equipment	356,046	296,180
OTHER ASSETS		
Pledges Receivable, Noncurrent Portion, Net	328,183	139,134
Deferred Compensation Annuity	325,981	473,050
Investment - GSABC Stock	10	10
Total Assets	\$ 3,538,426	\$ 3,444,916
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 393,304	\$ 310,663
Deferred Revenue	82,657	36,231
Total Current Liabilities	475,961	346,894
DEFERRED COMPENSATION ANNUITY		
Total Liabilities	325,981	473,050
	801,942	819,944
NET ASSETS		
Unrestricted		
Undesignated	961,414	1,041,172
Board Designated	-	100,000
Total Unrestricted Net Assets	961,414	1,141,172
Temporarily Restricted	744,508	454,053
Permanently Restricted	1,030,562	1,029,747
Total Net Assets	2,736,484	2,624,972
Total Liabilities and Net Assets	\$ 3,538,426	\$ 3,444,916

See accompanying Notes to Consolidated Financial Statements.

**AMERICA'S BLOOD CENTERS AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2009 AND 2008**

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE								
Membership Assessments	\$ 2,488,362	\$ -	\$ -	\$ 2,488,362	\$ 2,294,500	\$ -	\$ -	\$ 2,294,500
Contributions	70,428	498,644	815	569,887	103,460	336,220	30,433	470,113
Loss on Uncollectible Pledge	-	-	-	-	-	-	(1,758)	(1,758)
Administrative Services	481,404	-	-	481,404	561,880	-	-	561,880
Meetings and Workshops	423,242	-	-	423,242	432,580	-	-	432,580
Newsletter Income	43,431	-	-	43,431	44,210	-	-	44,210
Other Project Income	31,508	-	-	31,508	255,450	-	-	255,450
Investment (Loss) Income	(131,922)	-	-	(131,922)	77,850	-	-	77,850
Net Assets Released from Restrictions	208,189	(208,189)	-	-	158,125	(158,125)	-	-
Total Revenue	<u>3,614,642</u>	<u>290,455</u>	<u>815</u>	<u>3,905,912</u>	<u>3,928,055</u>	<u>178,095</u>	<u>28,675</u>	<u>4,134,825</u>
EXPENSES								
Administrative Services	215,404	-	-	215,404	255,880	-	-	255,880
Communications	478,666	-	-	478,666	738,080	-	-	738,080
Government Affairs	260,743	-	-	260,743	350,697	-	-	350,697
Meetings and Workshops	396,559	-	-	396,559	444,642	-	-	444,642
Scientific, Medical, and Technical Foundation	661,850 8,351	-	-	661,850 8,351	588,699 36,113	-	-	588,699 36,113
Total Program Expenses	<u>2,021,573</u>	<u>-</u>	<u>-</u>	<u>2,021,573</u>	<u>2,414,111</u>	<u>-</u>	<u>-</u>	<u>2,414,111</u>
General and Administrative	1,580,846	-	-	1,580,846	1,649,273	-	-	1,649,273
Fundraising	191,981	-	-	191,981	341,125	-	-	341,125
Total Expenses	<u>3,794,400</u>	<u>-</u>	<u>-</u>	<u>3,794,400</u>	<u>4,404,509</u>	<u>-</u>	<u>-</u>	<u>4,404,509</u>
CHANGE IN NET ASSETS	(179,758)	290,455	815	111,512	(476,454)	178,095	28,675	(269,684)
Net Assets - Beginning of Year	<u>1,141,172</u>	<u>454,053</u>	<u>1,029,747</u>	<u>2,624,972</u>	<u>1,617,626</u>	<u>275,958</u>	<u>1,001,072</u>	<u>2,894,656</u>
NET ASSETS - END OF YEAR	<u>\$ 961,414</u>	<u>\$ 744,508</u>	<u>\$ 1,030,562</u>	<u>\$ 2,736,484</u>	<u>\$ 1,141,172</u>	<u>\$ 454,053</u>	<u>\$ 1,029,747</u>	<u>\$ 2,624,972</u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICA'S BLOOD CENTERS AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2009 AND 2008**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 111,512	\$ (269,684)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	116,024	100,190
Unrealized Loss on Viragen Stock	-	600
Unrealized Loss (Gain) on Investments	104,766	6,443
Realized Loss (Gain) on Investments	66,093	(10,051)
Loss on Uncollectible Pledge	-	1,758
Contributions Restricted to Long Term Investment	(815)	(30,433)
Change in Assets and Liabilities:		
Accounts Receivable	1,501	55,203
Other Receivables	(4,000)	-
Pledges Receivable	(164,207)	(37,636)
Due from GSABC	64,844	66,013
Prepaid Expenses and Other Assets	(8,714)	86,152
Accounts Payable and Accrued Expenses	82,641	(164,374)
Deferred Revenue	46,426	(28,800)
Net Cash Provided (Used) by Operating Activities	416,071	(224,619)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investments	98,998	328,133
Purchases of Investments	(615,085)	(334,708)
Purchases of Furniture and Equipment	(175,890)	(211,473)
Net Cash Used by Investing Activities	(691,977)	(218,048)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Contributions Restricted for Investment in Endowment	815	239,811
Net Cash Provided by Financing Activities	815	239,811

NET DECREASE IN CASH AND CASH EQUIVALENTS

(275,091) (202,856)

Cash and Cash Equivalents - Beginning of Year

1,579,919 1,782,775

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,304,828 \$ 1,579,919

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

America's Blood Centers (ABC) is a non-profit membership organization that was incorporated in Arizona in 1962. ABC's primary goal is to provide a forum for blood center administrators, medical directors, and senior management to exchange information, discuss pertinent issues, and work together to improve the quality and efficiency of service to hospitals, patients, and blood donors. Its membership is composed entirely of non-profit blood banks located throughout the United States and Canada.

The Foundation for America's Blood Centers (the Foundation) is a non-profit organization that was incorporated in Arizona in 1997. ABC established the Foundation to research public perceptions and motivations regarding blood donation and blood supply, conduct research on community health needs regarding blood services, disseminate research results to the general public and other interested parties, publicize and promote the need for volunteer blood donation and support for blood donation programs, and to coordinate national blood donor recruitment activities conducted in conjunction with local community blood programs.

ABC controls the Foundation through a majority voting interest of the Foundation's Board of Directors, an economic interest, and inter-related management. In such circumstances, accounting principles generally accepted in the United States of America require that financial statements of the controlling organization be consolidated with the accounts of the controlled organization.

ABC wholly owns a for-profit subsidiary, Group Services for America's Blood Centers (hereinafter referred to as "GSABC"). ABC, on an annual basis, relinquishes 100% of its voting rights on all matters to the members of GSABC. GSABC is not a controlled group of ABC. In such circumstances, accounting principles generally accepted in the United States of America do not require consolidated financial statements with GSABC.

Cash and Cash Equivalents

For financial statement purposes, ABC and the Foundation consider all funds held at depository institutions with an original maturity of 90 days or less to be cash equivalents.

Accounts Receivable

The majority of accounts receivable are from GSABC. Accounts past due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against bad debt expense. Management estimates that all receivables are fully collectible. Therefore, no allowance for doubtful accounts has been recognized.

Pledges Receivable

Grants and contributions are recognized when a donor makes a promise to give to the Foundation, that is, in substance, unconditional. Donor-restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Management believes the amount of pledges receivable is fully collectible and no allowance for doubtful accounts is deemed necessary.

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are comprised of marketable securities and are reported at fair value. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is 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 future statements of activities.

Property and Equipment

Property and equipment with a cost greater than \$2,000 is capitalized as property and equipment. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to five years. Leasehold improvements are amortized over the shorter of the lease term or useful life of the asset.

Net Assets

Resources are classified for accounting and reporting purposes into net asset groups established according to their nature and purpose and based on the existence or absence of donor-imposed restrictions. The net assets groups are as follows:

Unrestricted Net Assets:

Undesignated: represents funds available at management's discretion to fund ABC's general operations.

Designated: represents funds designated by ABC's and the Foundation's Boards of Directors to be used for future uncertainties or contingencies.

Temporarily Restricted Net Assets - represents resources received for member association programs (i.e., advertising campaigns, public awareness and marketing initiatives, awards, and scholarships) that are restricted as to their use. ABC classifies all such resources received as temporarily restricted and reports amounts released from restrictions when expenditures are incurred.

Permanently Restricted Net Assets – represents contributions received or pledged through the endowment campaign that are permanently restricted from use.

Uniform Prudent Management of Institutional Funds Act

During 2008 the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In August 2008 the FASB released FASB Staff Position 117-1 (FSP 117-1) which provides guidance on the classification of endowment fund net assets for states that have enacted versions of UPMIFA. Under UPMIFA all unappropriated endowment fund assets are considered restricted.

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

ABC recognizes newsletter subscription revenue on a monthly basis over the term of the subscription. Membership assessments are allocated to revenue on a quarterly basis during the year. Both ABC and its affiliate immediately recognized unrestricted contributions and interest earned on funds held on deposit.

Advertising Costs

All advertising costs are expensed as incurred.

Allocation of Expenses

ABC and its affiliate allocate salaries and benefits, travel, consulting fees, and certain other costs to each department based on actual resources used in each program area. Occupancy expense, depreciation and amortization, and other fixed expenses are considered to be supporting costs of the various programs of ABC and are classified as General and Administrative expenses. The Foundation classifies all expenses related to the awarding of grants and other operating activities as General and Administrative expenses. It allocates all expenses on grant awards to a separate expense function.

Basis of Accounting

ABC and its affiliate prepare its consolidated financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Principles of Consolidation

The consolidated financial statements include the accounts of ABC and the Foundation. Significant inter-company accounts and transactions have been eliminated in consolidation.

Income Tax Status

ABC is exempt from the payment of federal income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code and is classified as an organization that is not a private foundation. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation.

ABC and the Foundation have elected to defer application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. ABC and the Foundation follow Financial Accounting Standard No. 5, *Accounting for Contingencies*, for evaluating uncertain tax positions.

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

SFAS No. 157, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. ABC and the Foundation account for a significant portion of their financial instruments at fair value or consider fair value in their measurement. ABC and the Foundation account for certain financial assets and liabilities at fair value under various accounting literature, including SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. ABC and the Foundation also account for certain assets at fair value under applicable industry guidance.

Fair Value Hierarchy

In accordance with SFAS No. 157, ABC and the Foundation have categorized their 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 the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Consolidated Statements of Financial Position are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that ABC and the Foundation have the ability to access.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include, among others, quoted prices for similar assets or liabilities in active market or non-active market.

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments that subject ABC and the Foundation to a concentration of credit risk consist of demand deposits placed with financial institutions which may, at times, exceed federally insured limits.

Fair Value Risk

ABC and the Foundation invest in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable, which are recorded at the present value of estimated future cash flows using a discount rate of 4% and 5% for the years ended March 31, 2009 and 2008, respectively, consist of the following at March 31:

	2009	2008
Receivable in Less than One Year	\$ 210,839	\$ 235,681
Receivable in More than One Year	353,333	153,229
	564,172	388,910
Less: Discount to Net Present Value	(25,150)	(14,095)
Net Pledge Receivables	\$ 539,022	\$ 374,815

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 4 AFFILIATED ORGANIZATION

ABC shares personnel, office space, and currently pays some of the operating expenses of an affiliated organization—Group Services for America's Blood Centers (GSABC).

GSABC is a corporation "operating on a cooperative basis" with the meaning of Section 1381(a)(2) of the Internal Revenue Code and is classified as a Cooperative Association. ABC has a written service agreement with GSABC whereby GSABC agreed to pay ABC a minimum of \$2,130,000 over ten years for certain administrative and financial services, meeting coordination, IT support and other services, and certain equipment and office space to be made available to GSABC and also reimburse ABC for certain expenses. Expenses paid by ABC on behalf of GSABC for the years ended March 31, 2009 and 2008 were \$481,404 and \$561,880, respectively. GSABC reimbursed ABC for the years ended March 31, 2009 and 2008 in the amount of \$481,404 and \$561,880, respectively.

ABC has a receivable balance due from GSABC of \$278,156 and \$343,000 as of March 31, 2009 and 2008, respectively.

NOTE 5 INVESTMENTS

Group Services for America's Blood Centers

America's Blood Centers owns 100% of the outstanding shares (1,000) of GSABC Cooperative Association, accounted for using the equity method. The book value of the stock at March 31, 2009 and 2008 is \$10.

Investments – Marketable Securities

Investments are reported at their fair market value. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future consolidated statements of activities.

Investments are stated at a fair value and consist of the following at March 31:

	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Equity Funds	\$ 292,213	\$ 195,200	\$ 142,850	\$ 136,091
Bond Mutual Funds	361,204	352,570	162,338	168,216
Money Market Funds	114,860	114,860	13,095	13,095
Total	<u>\$ 768,277</u>	<u>\$ 662,630</u>	<u>\$ 318,283</u>	<u>\$ 317,402</u>

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 5 INVESTMENTS (CONTINUED)

The following table presents the Association and Foundation's fair value hierarchy of those assets at fair value on a recurring basis as of March 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Deferred Compensation Annuity	\$ -	\$ 325,981	\$ -	\$ 325,981
Investments	195,200	352,570	-	547,770
Total	<u>\$ 195,200</u>	<u>\$ 678,551</u>	<u>\$ -</u>	<u>\$ 873,751</u>

Investment income consists of the following at March 31:

	<u>2009</u>	<u>2008</u>
Interest and Dividends	\$ 38,937	\$ 74,242
Realized Gain on Investments	(66,093)	10,051
Unrealized (Loss) Gain on Investments	<u>(104,766)</u>	<u>(6,443)</u>
Investment (Loss) Income	<u>\$ (131,922)</u>	<u>\$ 77,850</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>2009</u>	<u>2008</u>
Furniture	\$ 43,419	\$ 43,419
Leasehold Improvements	28,602	28,602
Office Equipment	1,024,741	872,199
	<u>1,096,762</u>	<u>944,220</u>
Less: Accumulated Depreciation and Amortization	<u>(740,716)</u>	<u>(648,040)</u>
Total Property and Equipment	<u>\$ 356,046</u>	<u>\$ 296,180</u>

NOTE 7 DEFERRED COMPENSATION PLAN

ABC maintains a deferred compensation plan for certain highly compensated employees. To fund this obligation, ABC has purchased an annuity contract that provides for the deferred compensation. ABC accrues as additional compensation the amount earned under the annuity contract.

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 8 COMMITMENTS

Leases

ABC is obligated under an operating lease for office space through May 31, 2017. The lease contains provisions for a base rate to remain the same throughout the life of the lease and a prorated percent of 18.3% of certain Landlord's operating expenses. Rent expense for the years ended March 31, 2009 and 2008 was \$163,697 and \$154,720, respectively. The following are the minimum future lease commitments under the lease as of March 31, 2009:

Year Ending March 31,	
2010	\$ 155,331
2011	155,331
2012	155,331
2013	155,331
2014	155,331
Thereafter	<u>491,882</u>
	<u><u>\$ 1,268,537</u></u>

Hotel Contracts

ABC has committed to hotel space for future meeting and workshops. These contracts specify that, if canceled, ABC may be subject to cancellation penalties totaling approximately \$211,000 as of March 31, 2009. Management believes the risk of loss due to cancellation is minimal.

NOTE 9 PENSION PLAN

ABC maintains a defined contribution 401(k) pension plan for its employees with six months of service. Employer contributions to the plan are at the discretion of the Board of Directors. Pension expense for the years ended March 31, 2009 and 2008 was \$162,087 and \$160,078, respectively.

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets consisted of the following at March 31:

	2009	2008
Abbott Marketing Initiatives	\$ 63,780	\$ 104,114
Awareness Program	12,136	60,000
Ad Council Campaign	-	53,719
For the Sake of the Patient	593,592	236,220
Blood Utilization	<u>75,000</u>	<u>-</u>
	<u><u>\$ 744,508</u></u>	<u><u>\$ 454,053</u></u>

**AMERICA'S BLOOD CENTERS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008**

NOTE 11 ENDOWMENT

The Foundation has a donor-restricted endowment fund established for the purposes of providing income to support the Foundation operations. As required by GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Trustees of the Foundation has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation's endowment investment policy is focused on preservation of capital as well as providing income for operations. Amounts are invested in stock, mutual funds and cash equivalents.

The endowment net assets and activity consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Fund as of March 31, 2007	\$ -	\$ -	\$1,001,072	1,001,072
Contributions	-	-	28,675	28,675
Investment Earnings, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Fund as of March 31, 2008	-	-	1,029,747	1,029,747
Contributions	-	-	815	815
Investment Earnings, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Fund as of March 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,030,562</u>	<u>\$1,030,562</u>



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members
America's Blood Centers and Affiliate
Washington, DC

Our report on our audit of the consolidated financial statements of the America's Blood Centers and Affiliate as of March 31, 2009 and 2008, and for the years then ended appears on page 1. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information presented on page 15 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplemental information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in relation to the consolidated financial statements taken as a whole.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
August 10, 2009

**AMERICA'S BLOOD CENTERS AND AFFILIATE
SCHEDULE OF NATURAL EXPENSES
YEARS ENDED MARCH 31, 2009 AND 2008
(See Independent Auditors' Report on Supplementary Information)**

	<u>2009</u>	<u>2008</u>
EXPENSES		
Salaries and Benefits	\$2,180,979	\$2,189,860
Audit Expense	27,064	20,250
Bad Debt Expense	-	11,758
Committee Development Expense	4,486	7,704
Consulting Expense	499,382	836,739
Depreciaton and Amortization Expense	116,024	100,190
Institutional Membership and Publications	27,556	39,880
Insurance, Taxes, and Fees	28,361	27,549
Marketing Expense	45,149	25,294
Meetings Expense	305,132	372,689
Miscellaneous Office Expense	3,561	2,411
My Blood Your Blood Operations Expense	3,610	1,900
Office Supplies	22,352	52,349
Other Expenses	2,000	178,550
Postage and Delivery Charges	10,581	13,360
Printing, Copying, and Design	34,231	42,937
Public Relations Expense	43,130	33,585
Rent Expense	163,697	154,720
Repairs and Maintenance	4,347	5,570
Staff Development Expense	24,879	18,894
Telephone	77,683	84,060
Travel Expense	170,196	184,260
	<u> </u>	<u> </u>
Total Expenses	<u><u>\$3,794,400</u></u>	<u><u>\$4,404,509</u></u>