

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

**THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Foundation for America's Blood Centers
Washington, DC

We have audited the accompanying financial statements of The Foundation for America's Blood Centers, which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for America's Blood Centers as of March 31, 2016 and 2015, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 12, 2016



THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 171,884	\$ 223,039
Pledges Receivable, Current Portion	72,500	136,500
Due from America's Blood Centers	310,486	-
Prepaid Expense	-	1,000
Other Receivables	3,735	4,203
Total Current Assets	558,605	364,742
INVESTMENTS	940,251	939,462
OTHER ASSETS		
Pledges Receivable, Noncurrent Portion, Net	17,260	83,200
Total Assets	\$ 1,516,116	\$ 1,387,404
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 40	\$ 5,638
Due to America's Blood Centers	-	140,906
Total Current Liabilities	40	146,544
NET ASSETS		
Unrestricted - Undesignated	-	(225,205)
Temporarily Restricted	383,804	335,093
Permanently Restricted	1,132,272	1,130,972
Total Net Assets	1,516,076	1,240,860
Total Liabilities and Net Assets	\$ 1,516,116	\$ 1,387,404

See accompanying Notes to Financial Statements.

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE								
Contributions	\$ 379,985	\$ 233,211	\$ 1,300	\$ 614,496	\$ 96,526	\$ 189,481	\$ 1,410	\$ 287,417
Interest	22,754	-	-	22,754	25,118	-	-	25,118
Unrealized (Loss) Gain on Investments	(12,151)	-	-	(12,151)	12,307	-	-	12,307
Realized (Loss) Gain on Investments	(1,906)	-	-	(1,906)	30,938	-	-	30,938
Net Assets Released from Restrictions	184,500	(184,500)	-	-	145,935	(145,935)	-	-
Total Revenue	<u>573,182</u>	<u>48,711</u>	<u>1,300</u>	<u>623,193</u>	<u>310,824</u>	<u>43,546</u>	<u>1,410</u>	<u>355,780</u>
EXPENSES								
Programs	261,457	-	-	261,457	196,975	-	-	196,975
General and Administrative	48,769	-	-	48,769	59,738	-	-	59,738
Fundraising	37,751	-	-	37,751	60,874	-	-	60,874
Total Expenses	<u>347,977</u>	<u>-</u>	<u>-</u>	<u>347,977</u>	<u>317,587</u>	<u>-</u>	<u>-</u>	<u>317,587</u>
CHANGE IN NET ASSETS	225,205	48,711	1,300	275,216	(6,763)	43,546	1,410	38,193
Net Assets - Beginning of Year	<u>(225,205)</u>	<u>335,093</u>	<u>1,130,972</u>	<u>1,240,860</u>	<u>(218,442)</u>	<u>291,547</u>	<u>1,129,562</u>	<u>1,202,667</u>
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ 383,804</u>	<u>\$ 1,132,272</u>	<u>\$ 1,516,076</u>	<u>\$ (225,205)</u>	<u>\$ 335,093</u>	<u>\$ 1,130,972</u>	<u>\$ 1,240,860</u>

See accompanying Notes to Financial Statements.

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 275,216	\$ 38,193
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in) Provided by Operating Activities:		
Realized Loss (Gain) on Investments	1,906	(30,938)
Unrealized Loss (Gain) on Investments	12,151	(12,307)
Changes in Discount on Pledge Receivable	(4,060)	(2,730)
Contributions Restricted to Long Term Investment	(1,300)	(1,410)
Change in Assets and Liabilities:		
Other Receivables	468	146
Pledges Receivable	134,000	36,935
Prepaid Expenses	1,000	(1,000)
Accounts Payable and Accrued Expenses	(5,598)	(57,383)
Due to/from America's Blood Centers	(451,392)	103,138
Net Cash (Used in) Provided by Operating Activities	(37,609)	72,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	193,837	187,444
Purchases of Investments	(208,683)	(204,574)
Net Cash Used in Investing Activities	(14,846)	(17,130)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Endowment	1,300	1,410
Net Cash Provided by Financing Activities	1,300	1,410
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(51,155)	56,924
Cash and Cash Equivalents - Beginning of Year	223,039	166,115
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 171,884	\$ 223,039

See accompanying Notes to Financial Statements.

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Foundation for America's Blood Centers (the Foundation) is a non-profit organization incorporated in Arizona in April 1997. America's Blood Centers (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 donor programs, and to coordinate national blood donor recruitment activities conducted in conjunction with local community blood programs. ABC elects the Foundation's Board of Directors.

ABC controls the Foundation through a majority voting interest of the Foundation's Board of Directors, an economic interest, and inter-related management. The accompanying financial statements are for the Foundation alone and do not include ABC's accounts.

Cash and Cash Equivalents

For financial statement purposes, the Foundation considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Pledges Receivable

The Foundation recognizes grants and contributions when the donor makes a promise to give 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.

Investments

The Foundation's 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 and Changes in Net Assets.

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:

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Unrestricted Net Assets:

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

Designated: represents funds designated by the Foundation's Board 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 and resources to be received in future periods. The Foundation classifies all such resources received as temporarily restricted and reports amounts released from restrictions when expenditures are incurred or when the time period has elapsed.

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 on UPMIFA 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. The Foundation's spending policy stipulates that all earnings in any given year be spent for the established purpose of the endowment fund.

Revenue Recognition

The Foundation immediately recognizes income from unrestricted contributions and interest earned on funds held on deposit.

Allocation of Expenses

The Foundation classifies all expenses relating to the awarding of grants and other operating activities as General and Administrative expenses. It allocates all grant awards to a separate expense function.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Income Tax Status

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

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

The Foundation has adopted a policy that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on the Foundation's financial statements as of and for the years ended March 31, 2016 and 2015.

Use of 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

Statement of Financial Accounting Standards, *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. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in its measurement. The Foundation accounts for certain financial assets and liabilities at fair value under various accounting literature, including *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The Foundation also accounts for certain assets at fair value under applicable industry guidance.

Fair Value Hierarchy

In accordance with *Fair Value Measurements*, the Foundation 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 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 Statements of Financial Position are categorized based on the inputs to the valuation techniques as follows:

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has 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.

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.

Reclassification

Certain amounts in the year 2015 have been reclassified for comparative purposes to conform to the presentation in year 2016. These reclassifications have no effect on the previously reported change in net assets or net asset balance as of March 31, 2015.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 12, 2016, the date the financial statements were available for issuance.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable, which are recorded at the present value of estimated future cash flows using a discount rate of 2% for the years ended March 31, 2016 and 2015, consist of the following at March 31:

	2016	2015
Receivable in Less than One Year	\$ 72,500	\$ 136,500
Receivable in One to Three Years	20,000	90,000
	<u>92,500</u>	<u>226,500</u>
Less: Discount to Net Present Value	(2,740)	(6,800)
Net Pledges Receivable	<u>\$ 89,760</u>	<u>\$ 219,700</u>

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 3 INVESTMENTS

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

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Corporate Bonds, REITs, Treasuries and ETFs	\$ 446,047	\$ 447,381	\$ 446,954	\$ 456,253
Equities	246,637	412,943	251,515	422,007
Money Market Funds	79,927	79,927	61,202	61,202
Total	<u>\$ 772,611</u>	<u>\$ 940,251</u>	<u>\$ 759,671</u>	<u>\$ 939,462</u>

Investment income consists of the following for the years ended March 31:

	2016	2015
Interest and Dividends	\$ 22,754	\$ 25,118
Realized (Loss) Gain on Investments	(1,906)	30,938
Unrealized (Loss) Gain on Investments	(12,151)	12,307
Investment Income	<u>\$ 8,697</u>	<u>\$ 68,363</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

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

	2016			
	Level 1	Level 2	Level 3	Total
Corporate Bonds, REITs, Treasuries and ETFs	\$ -	\$ 447,381	\$ -	\$ 447,381
Equities	412,943	-	-	412,943
Money Market Funds	79,927	-	-	79,927
Total	<u>\$ 492,870</u>	<u>\$ 447,381</u>	<u>\$ -</u>	<u>\$ 940,251</u>

	2015			
	Level 1	Level 2	Level 3	Total
Corporate Bonds, REITs, Treasuries and ETFs	\$ -	\$ 456,253	\$ -	\$ 456,253
Equities	422,007	-	-	422,007
Money Market Funds	61,202	-	-	61,202
Total	<u>\$ 483,209</u>	<u>\$ 456,253</u>	<u>\$ -</u>	<u>\$ 939,462</u>

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

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

	2016	2015
Purpose Restricted:		
Nigeria Project	\$ 2,450	\$ 2,450
ITxM Award Technical Operations	22,527	22,527
ABC Speakers Bureau	5,165	5,165
Micro Donation Campaign	5,000	5,000
ABC API Educational Programs	261,402	142,251
Total Purpose Restricted	296,544	177,393
Time Restricted:	87,260	157,700
	\$ 383,804	\$ 335,093

NOTE 6 PERMANENTLY RESTRICTED NET ASSET

The Foundation's permanently restricted net asset consists of the following at March 31:

	2016	2015
Endowment Campaign	\$ 1,089,562	\$ 1,088,562
Bianco Lecture Series Campaign	42,710	42,410
	\$ 1,132,272	\$ 1,130,972

NOTE 7 CONCENTRATIONS OF RISK

CREDIT RISK

Financial instruments that subject the Foundation to a concentration of credit risk consist of cash and cash equivalents deposited with financial institutions and investments managed by an investment manager which may, at times, exceed federally insured limits.

REVENUES

The Foundation recorded a contribution from ABC during the year ended March 31, 2016 which made up approximately 45% of total revenues.

NOTE 8 RELATED PARTY TRANSACTIONS

The Foundation has a written service agreement with ABC whereby it reimburses ABC for certain direct expenses, plus assessed overhead. Expenses paid by ABC on behalf of the Foundation for the years ended March 31, 2016 and 2015, were \$175,226 and \$168,708, respectively. The Foundation reimbursed ABC for the years ended March 31, 2016 and 2015, in the amount of \$120,418 and \$111,313, respectively.

THE FOUNDATION FOR AMERICA'S BLOOD CENTERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)

The Foundation has receivables and payables from ABC as a result of various transactions with the related party. The net receivable balance from ABC was \$310,486 as of March 31, 2016. The net payable balance due to ABC was \$140,906 as of March 31, 2015.

The Foundation made grants to ABC during the years ended March 31, 2016 and 2015, in the amounts of \$130,000 and \$92,150, respectively, which are included in programs expense on the Statements of Activities and Changes in Net Assets.

The Foundation recorded a one-time contribution from ABC during the year ended March 31, 2016 for \$281,920, the balance of the Foundation's negative unrestricted net assets as of March 31, 2015.

NOTE 9 ENDOWMENTS

The Foundation has two donor-restricted endowment funds established for the purposes of providing income to support the Foundation's operations and to create an endowment for the Bianco Lecture Series. As required by U.S. GAAP, net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Foundation 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 funds.

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, bonds and cash equivalents.

The endowment net assets and activity consist of following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds as of March 31, 2014	\$ -	\$ -	\$ 1,129,562	\$ 1,129,562
Contributions	-	-	1,410	1,410
Endowment Funds as of March 31, 2015	-	-	1,130,972	1,130,972
Contributions	-	-	1,300	1,300
Endowment Funds as of March 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,272</u>	<u>\$ 1,132,272</u>

The Foundation's spending policy stipulates that all earnings in any given year be spent for the established purposes of the endowment fund.