NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARIES

Minneapolis, Minnesota

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended September 30, 2016 and 2015

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARIES

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Baker Tilly Virchow Krause, LLP
225 S Sixth St, Ste 2300
Minneapolis, MN 55402-4661
tel 612 876 4500
fax 612 238 8900
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Marrow Donor Program and Subsidiaries
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of National Marrow Donor Program and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Marrow Donor Program and Subsidiaries as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information listed in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
January 19, 2017

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2016 and 2015
(in thousands)

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 47,578	$ 3,077	$ 50,655	$ 23,411	$ 3,907	$ 27,318
Short-term investments	17,000	-	17,000	15,000	-	15,000
Receivables:						
Transplant center and other receivables - net of allowance of $147 and $150 in 2016 and 2015, respectively	48,784	-	48,784	47,246	-	47,246
Contract receivables	7,169	-	7,169	4,688	-	4,688
Pledges receivable (Note 2)	136	-	136	257	26	283
Prepaid expenses and other	5,577	-	5,577	5,153	-	5,153
Total Current Assets	126,244	3,077	129,321	95,755	3,933	99,688
LONG-TERM INVESTMENTS (Note 4)	93,500	-	93,500	88,739	1,152	89,891
PROPERTY AND EQUIPMENT (Note 3)	113,265	-	113,265	70,225	-	70,225
DEFERRED COMPENSATION FUNDS (Note 8)	3,130	-	3,130	2,676	-	2,676
OTHER ASSETS	1,321	1,108	2,429	1,698	1,027	2,725
TOTAL ASSETS	**$ 337,460**	**$ 4,185**	**$ 341,645**	**$ 259,093**	**$ 6,112**	**$ 265,205**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	$ 26,241	$ -	$ 26,241	$ 28,567	$ -	$ 28,567
Accrued expenses	18,908	-	18,908	18,243	-	18,243
Accrued compensation and benefits	13,491		13,491	13,897	-	13,897
Current maturities of long-term debt (Note 5)	5,965	-	5,965	5,853		5,853
Current maturities of long-term capital lease (Note 5)	2,377	-	2,377	-	-	-
Refundable advances and deferred revenue (Note 2)	6,965	-	6,965	6,678	-	6,678
Total Current Liabilities	73,947	-	73,947	73,238	-	73,238
DEFERRED COMPENSATION PAYABLE (Note 8)	3,133	-	3,133	2,680	-	2,680
LONG-TERM DEBT (Note 5)	18,817	-	18,817	24,789	-	24,789
LONG-TERM CAPITAL LEASE (Note 5)	55,998	-	55,998	-	-	-
TOTAL LIABILITIES	**151,895**	**-**	**151,895**	**100,707**	**-**	**100,707**
NET ASSETS	185,565	4,185	189,750	158,386	6,112	164,498
TOTAL LIABILITIES AND NET ASSETS	**$ 337,460**	**$ 4,185**	**$ 341,645**	**$ 259,093**	**$ 6,112**	**$ 265,205**

See accompanying notes to consolidated financial statements.

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2016 and 2015
(in thousands)

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND GAINS:						
Search and procurement fees	$ 339,058	$ -	$ 339,058	$ 339,318	$ -	$ 339,318
Federal contracts and cooperative agreements	41,747	-	41,747	43,971	-	43,971
Contributions	11,847	401	12,248	11,527	857	12,384
Other	593	-	593	1,033	-	1,033
Net assets released from restrictions	2,414	(2,414)	-	1,767	(1,767)	-
Total Revenues and Gains	395,659	(2,013)	393,646	397,616	(910)	396,706
EXPENSES:						
Program services	316,639	-	316,639	333,400	-	333,400
Management and general	56,650	-	56,650	41,968	-	41,968
Fundraising	1,773	-	1,773	5,174	-	5,174
Total Expenses	375,062	-	375,062	380,542	-	380,542
EXCESS (DEFICIENCY) OF REVENUES AND GAINS OVER EXPENSES	20,597	(2,013)	18,584	17,074	(910)	16,164
OTHER INCOME (EXPENSES) AND OTHER CHANGES						
(Loss) gain on disposal of asset	(972)	-	(972)	15	-	15
Loss on debt extinguishment	-	-	-	(6,446)	-	(6,446)
Investment income	3,167	-	3,167	2,529	-	2,529
Change in unrealized appreciation (depreciation) on investments	4,387	86	4,473	(2,610)	(45)	(2,655)
Reclassifications and redesignations	-	-	-	(2,916)	2,916	-
Total Other Income (Expenses) and Other Changes	6,582	86	6,668	(9,428)	2,871	(6,557)
INCREASE (DECREASE) IN NET ASSETS	**27,179**	**(1,927)**	**25,252**	**7,646**	**1,961**	**9,607**
Net Assets - Beginning of Year	158,386	6,112	164,498	150,740	4,151	154,891
NET ASSETS - End of Year	**$ 185,565**	**$ 4,185**	**$ 189,750**	**$ 158,386**	**$ 6,112**	**$ 164,498**

See accompanying notes to consolidated financial statements.

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2016
(in thousands)

	Program Services					Support Services			
	Medical Services	Recruitment	Research	Public Awareness	Total	Management and General	Fundraising	Total	Total
Medical services	$ 181,556	$ -	$ -	$ -	$ 181,556	$ -	$ -	$ -	$ 181,556
Donor recruitment services	-	21,517	-	-	21,517	-	-	-	21,517
Compensation	25,259	7,926	10,833	6,118	50,136	20,306	492	20,798	70,934
Benefits	6,198	1,887	2,721	1,453	12,259	5,403	116	5,519	17,778
Professional fees	5,123	4,930	5,865	1,211	17,129	4,399	604	5,003	22,132
Travel	953	493	776	497	2,719	721	51	772	3,491
Professional development	228	75	99	72	474	391	11	402	876
Occupancy	650	776	123	203	1,752	3,876	40	3,916	5,668
Telecommunications	215	215	143	143	716	728	-	728	1,444
Information processing	1,090	1,070	775	712	3,647	3,604	-	3,604	7,251
Printing and copying	145	319	46	172	682	80	366	446	1,128
Postage and shipping	140	200	48	100	488	85	26	111	599
Depreciation	4,818	4,099	2,490	3,199	14,606	8,552	-	8,552	23,158
Interest expense	-	-	-	-	-	7,672	-	7,672	7,672
Office and miscellaneous	236	100	49	391	776	833	67	900	1,676
Research activities	-	-	8,182	-	8,182	-	-	-	8,182
Total Expenses	**$ 226,611**	**$ 43,607**	**$ 32,150**	**$ 14,271**	**$ 316,639**	**$ 56,650**	**$ 1,773**	**$ 58,423**	**$ 375,062**

See accompanying notes to consolidated financial statements.

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2015
(in thousands)

	Program Services					Support Services			
	Medical Services	Recruitment	Research	Public Awareness	Total	Management and General	Fundraising	Total	Total
Medical services	$ 188,689	$ -	$ -	$ -	$ 188,689	$ -	$ -	$ -	$ 188,689
Donor recruitment services	-	25,535	-	-	25,535	-	-	-	25,535
Compensation	24,296	9,480	11,710	8,486	53,972	17,035	2,246	19,281	73,253
Benefits	6,804	2,407	3,183	2,048	14,442	4,351	378	4,729	19,171
Professional fees	4,206	1,673	5,539	5,078	16,496	2,834	1,148	3,982	20,478
Travel	1,289	671	914	700	3,574	787	367	1,154	4,728
Professional development	197	80	104	83	464	254	15	269	733
Occupancy	865	659	155	208	1,887	5,428	128	5,556	7,443
Telecommunications	217	168	167	223	775	426	-	426	1,201
Information processing	1,066	1,061	1,077	1,414	4,618	2,506	-	2,506	7,124
Printing and copying	354	325	45	292	1,016	126	452	578	1,594
Postage and shipping	507	178	70	174	929	75	44	119	1,048
Depreciation	3,244	2,760	1,835	2,447	10,286	3,646	-	3,646	13,932
Interest expense	18	15	9	12	54	3,505	-	3,505	3,559
Office and miscellaneous	351	148	67	954	1,520	995	396	1,391	2,911
Research activities	-	-	9,143	-	9,143	-	-	-	9,143
Total Expenses	**$ 232,103**	**$ 45,160**	**$ 34,018**	**$ 22,119**	**$ 333,400**	**$ 41,968**	**$ 5,174**	**$ 47,142**	**$ 380,542**

See accompanying notes to consolidated financial statements.

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2016 and 2015
(in thousands)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 25,252	$ 9,607
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization/accretion	28,133	16,423
Loss on disposal/abandonment of property and equipment	972	123
Loss on debt extinguishment	-	6,446
Net realized and unrealized (appreciation) depreciation of investments	(5,758)	2,073
Changes in other operating activities:		
Receivables	(3,872)	(3,249)
Prepaid expenses and other assets	(47)	(491)
Accounts payable	(2,602)	5,133
Accrued expenses	259	(3,751)
Refundable advances and deferred revenue	287	509
Deferred compensation payable	453	220
Net cash provided by operating activities	43,077	33,043
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,048)	(25,251)
Sales/maturities of investments	3,116	18,286
Purchase of property, computer software and equipment	(11,647)	(19,092)
Proceeds from sale of property and equipment	-	22
Net purchases of deferred compensation funds	(454)	(219)
Net cash used in investing activities	(12,033)	(26,254)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of long-term debt	-	30,642
Principal payments on long-term debt	(5,873)	(69,015)
Principal payments on long-term capital lease	(1,834)	-
Net cash used in financing activities	(7,707)	(38,373)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**23,337**	**(31,584)**
CASH AND CASH EQUIVALENTS - Beginning of Year	27,318	58,902
CASH AND CASH EQUIVALENTS - End of Year	**$ 50,655**	**$ 27,318**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for the year for interest, net of amount capitalized	$ 2,792	$ 818
Noncash investing and financing activities:		
Purchase of property and equipment funded through accounts payable and accrued expenses	$ 797	$ 521
Property and equipment acquired through capital lease	$ 60,209	$ -

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND PROGRAM DESCRIPTIONS

The National Marrow Donor Program® (the "Program" or NMDP) is the global leader in providing marrow and umbilical cord blood transplants to patients with life-threatening blood cancers like leukemia and lymphoma or other diseases. The Program matches patients with donors, educates health care professionals and conducts research so more lives can be saved. NMDP also operates Be The Match®, which provides support for patients and enlists others in the community to join the Be The Match Registry® — the world's largest listing of potential marrow donors and donated cord blood units. For more information, visit bethematch.org.

Be The Match Foundation® (the "Foundation" or BTMF) raises funds to help provide marrow and umbilical cord blood transplants to patients with life-threatening blood cancers like leukemia and lymphoma or other diseases. With the public's help, the Foundation gives patients a reason to hope and the power to heal. Foundation funds deliver tangible relief to patient families struggling with uninsured transplant costs, help add more potential marrow donors to the Be The Match Registry® and support new research discoveries. Be The Match Foundation® is operated by NMDP.

CLR Insurance, Ltd (CLR) is an exempted company operating subject to the Companies Law (Revised) of the Cayman Islands. CLR is licensed to carry on business in the Cayman Islands as a Class B(i) Insurer. It presently issues certain insurance to NMDP in support of NMDP's nonprofit mission.

Be The Match BioTherapies, LLC (BTMB) is a wholly owned subsidiary of NMDP focused on collaborating with organizations in pursuit of new life-saving treatments in cellular therapy. Through this work, BTMB helps more patients survive life-threatening medical conditions and diseases, including those who face complications following transplant.

Be The Match BioTherapies Services, LLC (BTMBTS) is a wholly owned for-profit subsidiary of NMDP with a similar focus as BTMB.

The consolidated financial statements include the accounts of the NMDP, BTMF, CLR, BTMB and BTMBTS (collectively, the "Organization"), after elimination of intercompany accounts and transactions, in as much as the NMDP is the sole corporate member of BTMF, BTMB and BTMBTS, and the sole shareholder of CLR, as set forth in each entity's applicable governance documents.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents - Investments acquired with original maturities of three months or less at the time of purchase and that are readily convertible to cash are reported as cash equivalents and are carried at cost, which approximates fair value. The Organization maintains its operating cash balances with high credit quality financial institutions. At times, the amounts on deposit may exceed the Federal Deposit Insurance Corporation limit. The majority of the Organization's cash and cash equivalents are on deposit with a single bank. Cash on deposit in excess of federally insured limits are subject to the usual banking risks of funds in excess of those limits.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and Investment Income – Short-term investments consist of investments acquired with original maturities of greater than three months that mature within the next 12 months. Short-term investments are stated at cost, which approximates fair value. Long-term investments consist of investments that are not intended to be liquidated over the next 12 months. Long-term investments are stated at fair value, as determined by quoted market prices. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Unrealized gains or losses result from changes in the fair value of investments.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is 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 consolidated financial statements.

Pledges Receivable - Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give are recorded at fair value when the condition is met. All pledges are recorded at the estimated amount to be ultimately realized. As of September 30, 2016 and 2015, there was no allowance for uncollectible pledges recorded. Pledges due in greater than one year are recorded as other assets in the consolidated statements of financial position.

As of September 30, 2016 and 2015, the expected future cash receipts of pledges receivable are as follows (in thousands):

	2016	2015
Pledges due - Less than one year	$ 136	$ 283
Pledges due - More than one year	19	
Total Pledges	$ 155	$ 283

Other Assets - Fund Held by Others - BTMF has temporarily restricted funds (the “Fund”) invested at the Minneapolis Foundation. Under the terms of the agreement establishing the Fund, BTMF will receive income distributions from the Fund. In addition, BTMF may request distributions from the principal of the Fund. The Fund is managed at the discretion of the Minneapolis Foundation, except that BTMF may make recommendations regarding the selection of investment options for the Fund. The Fund is recorded as temporarily restricted other assets on the consolidated statements of financial position. The Fund held by the Minneapolis Foundation was valued at $1,108,000 and $1,027,000 as of September 30, 2016 and 2015, respectively.

Property and Equipment - The cost of property and equipment is depreciated using the straight-line method over the estimated useful lives of up to 10 years. The leased building is amortized using the straight-line method over the shorter of the useful life of the building or the term of the lease, which is 15 years.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalized Software Costs - The Organization capitalizes software development costs incurred in upgrading and developing computer software and begins capitalization of these costs after technological feasibility has been determined. The capitalized software for internal use, once placed in service, is amortized on the straight-line method over the useful life, which ranges from two to ten years. In the current year, the useful life for the Case Management and Traxis internal use software assets were reduced due to their planned replacements in fiscal year 2019. The change in estimate decreased net assets by approximately $1,920,000 for the year ended September 30, 2016.

Long-Term Debt Premiums and Discounts - Premiums and discounts associated with the organization's long-term debt are deferred and amortized/accreted over the related terms using the straight-line method, which approximates the effective interest method. Accumulated accretion of discounts was $45,082 and $57,591 at September 30, 2016 and 2015, respectively.

Accrued Medical Liabilities - The Program procures medical services from third-party health practitioners and clinics and pays for these services based on the Program's rate schedule or contractual agreements, where applicable. The liability for unpaid medical services also includes an estimate for services incurred but not yet reported to the Program and for services received that did not include all the necessary billing information. The methods and assumptions used for estimating these amounts are continually reviewed and adjusted as more current information is received on which to base its assumptions, and adjustments to prior estimates are charged to operations in the year in which the adjustment is made as a change in estimate. The Program's estimated liability for unpaid medical services totaled approximately $31,000,000 and $32,000,000 at September 30, 2016 and 2015, respectively. Actual results could differ from these estimates.

Approximately $15,000,000 and $16,000,000 of the liability for unpaid medical services is included in accounts payable and accrued expenses, respectively, in the consolidated statement of financial position as of September 30, 2016. Approximately $17,000,000 and $15,000,000 of the liability for unpaid medical services is included in accounts payable and accrued expenses, respectively in the consolidated statement of financial position as of September 30, 2015.

Net Assets - Net assets, revenues and gains, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets that are not subject to donor-imposed stipulations are classified as unrestricted net assets, while net assets subject to donor-imposed stipulations that will be met by actions taken by the Organization or the passage of time are classified as temporarily restricted net assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Temporarily restricted net assets whose donor restriction expires in the same year as funds are received are classified as unrestricted net assets in the consolidated statements of activities. Permanently restricted funds are those funds subject to donor-imposed restrictions, which require that the funds be maintained by the Organization in perpetuity. In the absence of donor specifications that income and gains on donated funds be restricted, such income and gains are reported as income from unrestricted net assets. The Organization had no permanently restricted net assets as of September 30, 2016 and 2015.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition - Search and procurement fees revenue is recognized as services are performed and charged to transplant centers. Contributions of unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give are recorded at fair value when the condition is met. Direct mail, fundraising event, and other revenues are recorded at fair value when the contributions are received. Federal contracts and cooperative agreements revenues awarded under the HRSA, National Institute of Health (NIH) and MCW contracts are recognized as revenue as qualified expenses are incurred and billed to HRSA, CDC, NIH, and MCW. Amounts under the Navy cooperative agreements generally are received in advance of spending and are reflected as refundable advances in the consolidated statements of financial position until the related qualified expenses are incurred, at which time federal contracts and cooperative agreements revenues are recognized.

Donated Services and Materials - Donated services are recognized as contributions in accordance with FASB ASC 958, *Not-for-Profit Entities,* if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people with those skills and (c) would otherwise be purchased by the organization. A substantial number of volunteers have donated significant time to the Organization. However, no amounts related to these services have been reflected in the consolidated financial statements since the recognition criteria was not met. Donors are not reimbursed for donation of their stem cells, and therefore, no amounts relative to stem cell donations have been reflected in the consolidated financial statements.

Functional Allocation of Expenses - The cost of providing the Organization's various programs, including medical services, recruitment, research, public awareness and supporting services has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. Fundraising activities include conducting activities involved with soliciting contributions.

Tax-Exempt Status - The Internal Revenue Service has determined that the Program and BTMF are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The not-for-profit status of the Program and BTMF are considered tax positions under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of September 30, 2016 or 2015. The Organization's tax returns are subject to review and examination by federal and state authorities. The tax returns for the current year as well as fiscal years 2013 through 2015 are open to examination by federal authorities.

BTMB is treated as a disregarded entity for income tax reporting purposes. As such, BTMB's income, losses and credits are included in the tax return of its sole member and parent, NMDP. BTMBTS is a regarded entity for tax purposes and files a separate tax return. CLR is an exempted company operating subject to the Companies Law (Revised) of Cayman Islands and is included in the tax return of NMDP.

Impairment of Long-Lived Assets - The Organization reviews its long-lived assets periodically to determine potential impairment by comparing the carrying value of the assets with the net cash flows to be provided by operations and eventual disposition of the asset. Should the sum of the expected future net cash flows be less than the carrying value, the Organization would determine whether an impairment loss should be recognized. An impairment loss would be based on the fair value utilizing a discounted cash flows approach to estimate fair value. In 2015 and 2016, no impairment losses were recorded.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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, such as the medical accruals that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Subsequent Events - The Organization has considered events for recognition or disclosure in the consolidated financial statements that occurred subsequent to September 30, 2016 through January 19, 2017, the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements – In May 2014, the FASB issued new accounting guidance related to revenue recognition. This new standard will eliminate and replace most industry-specific guidance on the topic. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. This guidance will be effective for the Organization beginning October 1, 2019 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Organization is currently assessing the impact of the new guidance on the Organization’s financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Organization is assessing the impact this standard will have on its financial statements.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of the cost of property and equipment and the related accumulated depreciation and amortization as of September 30, 2016 and 2015, is as follows (in thousands):

	2016	2015
Furniture and equipment	$ 26,221	$ 23,341
Leasehold improvements	6,346	5,318
Software	78,497	75,866
Leased property	60,208	-
Work in process	5,976	12,020
	177,248	116,545
Less accumulated depreciation and amortization	(63,983)	(46,320)
Property and equipment - net	$ 113,265	$ 70,225

Work in process as of September 30, 2016 includes the acquisition, development, installation, and implementation of computer hardware, database licenses, application licenses, and packaged and customized computer software, leasehold improvements, and furniture and equipment. The Organization's depreciation and amortization expense during the years ended September 30, 2016 and 2015, was $28,120,000 and $16,491,000, respectively, and is recorded in depreciation and amortization expense in the consolidated statements of functional expenses.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The types of investments held as of September 30, 2016 and 2015, were as follows (in thousands):

	2016	2015
Mutual funds	$ 95,500	$ 89,891
Certificates of deposit	15,000	15,000
	$ 110,500	$ 104,891
Reported on the statement of financial positions as:		
Short-term investments	$ 17,000	$ 15,000
Long-term investments	93,500	89,891
	$ 110,500	$ 104,891

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The summary of the investment return for the years ended September 30, 2016 and 2015, is as follows (in thousands):

	2016	2015
Interest income, net	$ 1,882	$ 1,947
Realized gain on investments	1,285	582
	3,167	2,529
Change in unrealized appreciation (depreciation) on investments	4,473	(2,655)
Total investment return	$ 7,640	$ (126)

Interest income is net of fees of $64,000 for both years ended September 30, 2016 and 2015. The change in unrealized appreciation on investments relates to the investments types disclosed above and the fund held by others at the Minneapolis Foundation.

Fair value of financial instruments -The Organization values its financial assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, that establishes a three-tier fair value hierarchy. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The levels are defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

Asset Valuation Techniques - Mutual funds are valued at the closing price reported in the active market in which the individual funds are traded, and are recorded within Level 1 in the valuation hierarchy.

Money market funds are valued at the net asset value (NAV) per share, which is set at $1 per share, and are recorded within Level 1 in the valuation hierarchy.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Level 3 funds represent funds held by the Minneapolis Foundation. The Organization elected the long-term growth investment strategy option, which includes a diversified portfolio of equity securities, fixed income securities, and alternative investments. The units of the fund are stated at NAV per share as determined by the Minneapolis Foundation, which is based on the estimated fair market values, using Level 1 and Level 2 inputs, of the underlying investments in the long-term growth fund. The Minneapolis Foundation utilizes market values for identical assets in an active market and similar assets to establish the estimated fair value of the underlying investments.

Deferred compensation funds are comprised of mutual funds and money market funds and are recorded within Level 1 in the valuation hierarchy.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

There have been no changes in the valuation methodologies used at September 30, 2016 and 2015.

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2016 and 2015, by type of inputs applicable to the fair value measurements, are summarized as follows:

	2016			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Domestic equities	$ 40,167			$ 40,167
International equities	17,374			17,374
Fixed income	37,959			37,959
Total mutual funds	95,500	-	-	95,500
Total investments	$ 95,500	$ -	$ -	$ 95,500
Deferred compensation funds	$ 3,130	$ -	$ -	$ 3,130
Other assets - funds held by others	$ -	$ -	$ 1,108	$ 1,108

	2015			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Domestic equities	$ 38,046			$ 38,046
International equities	15,002			15,002
Fixed income	36,843			36,843
Total mutual funds	89,891	-	-	89,891
Total investments	$ 89,891	$ -	$ -	$ 89,891
Deferred compensation funds	$ 2,676	$ -	$ -	$ 2,676
Other assets - funds held by others	$ -	$ -	$ 1,027	$ 1,027

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The change in fair value of the Organization's Level 3 investment for the years ended September 30, 2016 and 2015, is summarized as follows:

	2016	2015
Beginning fair value - October 1	$ 1,027	$ 871
Contributions	5	208
Fees	(9)	(7)
Unrealized gains (losses)	86	(45)
Ending fair value - September 30	$ 1,108	$ 1,027

NOTE 5 – LONG-TERM DEBT

A summary of long-term debt as of September 30, 2016 and 2015, is as follows (in thousands):

	2016	2015
Revenue Note - Series 2015	$ 24,205	$ 30,000
Restaurant loan	577	642
Total debt	24,782	30,642
Less current maturities of long-term debt	(5,965)	(5,853)
Long-term portion	$ 18,817	$ 24,789

The City of Minneapolis, Minnesota ("City"), issued Revenue Bonds, National Marrow Donor Program Project - Series 2010 ("Series 2010 Bonds") on behalf of the Organization in the amount of $67,640,000 on August 16, 2010. Interest rates were fixed based on the serial or term bond maturity date within the Bonds and ranged from 4% to 5% payable semiannually on February 1 and August 1.

During 2015, the Program elected to advance refund its Series 2010 Bonds. The City issued a Revenue Note, National Marrow Donor Program Project – Series 2015 ("Series 2015 Note") on behalf of the Organization for $30,000,000 pursuant to a Loan and Note Purchase Agreement ("Agreement") dated September 1, 2015 among the City, the Organization and U.S. Bank National Association ("U.S. Bank"). The City assigned its interest in the loan repayments and rights under the Agreement to U.S. Bank. The Series 2015 Note was issued on September 24, 2015 with a final maturity date of August 1, 2020. The legal defeasance of the Series 2010 Bonds resulted in a loss on debt extinguishment of $6,446,000 for the year ended September 30, 2015. The Series 2015 Note bears interest at 1.7% and is payable semiannually on February 1 and August 1.

NOTE 5 – LONG-TERM DEBT (continued)

The Series 2015 Note is secured by a security interest in certain tangible and intangible personal property of the Program, subject to certain excluded property and permitted encumbrances, granted pursuant to a Continuing Covenant Agreement, dated September 1, 2015. The Series 2015 Note is also guaranteed by BTMF. This guarantee is secured by a security interest in the tangible and intangible personal property of BTMF, subject to certain excluded property, granted pursuant to a Continuing Covenant Agreement, dated September 1, 2015. In addition to certain nonfinancial covenants, the Organization is required to maintain a fixed charge coverage ratio of no less than 1.15 to 1 and a liquidity coverage ratio of no less than 1.10 to 1. The fixed charge coverage ratio is calculated as the ratio of income available for operating lease and debt service for such period to the annual operating lease and debt service requirement for such period. The liquidity coverage ratio is calculated as the ratio of the market value of unrestricted cash and investments for such period to the total funded debt for such period. The Organization is in compliance with each ratio requirement at September 30, 2016 and 2015.

In 2015, the Organization entered into an agreement with Bon Appetit Management Co. to operate a restaurant within its new facility (Note 10). The terms of the agreement provided that Bon Appetit would provide a $700,000 non-interest bearing ten year loan ("Restaurant Loan") to fund certain improvements to the premises. The Organization has recorded a discount associated with the loan to reflect imputed interest at its current 1.7% borrowing rate. The loan proceeds were issued in September 2015 with a final maturity date of November 2025.

The Organization incurred $2,715,000 of interest expense during the year ended September 30, 2016, of which $77,000 was capitalized net of interest income of $1,700. The Organization incurred $2,905,000 of interest expense during the year ended September 30, 2015, of which $2,086,000 was capitalized net of interest income of $1,500.

At September 30, 2016, maturities of long-term debt for each of the fiscal years ending September 30, 2017 to 2021, and thereafter, are as follows (in thousands):

2017	$	5,965
2018		6,070
2019		6,175
2020		6,275
2021		70
Thereafter		272
Discount		(45)
Total	$	24,782

NOTE 5 – LONG-TERM DEBT (continued)

Capital Lease – On October 15, 2013, NMDP entered into a lease agreement for a location on the west side of downtown Minneapolis, adjacent to Target Field. The office building is the new coordinating center of the Organization with lease payments beginning on January 1, 2016. The term of the lease is fifteen years with cumulative base rent payments approximating $84,288,000. The Organization has the option to extend the lease term for three additional periods of seven years each. The Organization has recorded the capital lease asset and capital lease obligation in 2016 at the beginning of the lease term in the amount of $60,209,000, which approximates the present value of the of the minimum lease payments incurred during the lease term. The future lease payments relating to the new facility capital lease are as follows (in thousands):

2017	$	4,955
2018		5,054
2019		5,155
2020		5,260
2021		5,365
Thereafter		54,440
Total		80,229
Less amounts representing interest		(21,854)
Total	$	58,375

NOTE 6 – FEDERAL CONTRACTS AND COOPERATIVE AGREEMENTS

Federal contracts and cooperative agreements revenues are based on the terms of the specific contracts and cooperative agreements designed to cover qualified expenses, as defined. Federal contracts and cooperative agreements revenues for the years ended September 30, 2016 and 2015, were as follows (in thousands):

	2016	2015
Navy grants	$ 18,178	$ 17,965
HRSA contracts	15,653	15,838
MCW sub-award agreements – BMTCTN	3,059	6,005
MCW sub-award agreements – other	3,998	3,488
NIH agreements	333	324
Other	525	351
	$ 41,747	$ 43,971

NOTE 6 – FEDERAL CONTRACTS AND COOPERATIVE AGREEMENTS (continued)

In September 2012, the HRSA awarded three contracts to the Organization with a one-year base period of performance and four one-year options. The three contracts awarded are to operate the Bone Marrow Coordinating Center (#HHSH250201200024C), Cord Blood Coordinating Center (#HHSH250201200018C) and the Office of Patient Advocacy/Single Point of Access (#HHSH250201200017C) with a base period of performance of September 30, 2012 to September 29, 2013 for all three contracts. The first one-year option was awarded for all three contracts with a period of performance of September 30, 2013 to September 29, 2014. The second one-year option was awarded for all three contracts with a period of performance of September 30, 2014 to September 29, 2015. The third one-year option was awarded for all three contracts with a period of performance of September 30, 2015 to September 29, 2016. The fourth one-year option was awarded for all three contracts with a period of performance of September 30, 2016 to September 29, 2017.

NOTE 7 – RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan (the "Retirement Plan") for all employees. Contributions to the Retirement Plan are based on 6% of participant gross wages, plus an additional 5.7% of a participant's gross wages in excess of the maximum FICA taxable wage base up to $265,000 and $260,000 for the years ended September 30, 2016 and 2015, respectively. A participant is vested at 40% after two years and 100% after three years of service. The Organization's contributions to the Retirement Plan were $3,668,000 and $4,005,000 for the years ended September 30, 2016 and 2015, respectively.

NOTE 8 – DEFERRED COMPENSATION AND SUPPLEMENTAL BENEFITS PLANS

The Organization offers its officers, vice presidents, and directors a 457(b) deferred compensation plan (the "Plan") created in accordance with applicable provisions of the Internal Revenue Code. The Plan permits employees to defer a portion of their salary until future years. The accumulated deferred compensation balance is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan, and all income attributable to those amounts, are (until paid or made available to the employee or other beneficiary) solely the property of the Organization, and the Organization has all the related rights of ownership (not restricted to the payment of benefits under the Plan), subject only to the claim of the Organization's general creditors. Participants' rights under the Plan are equal to those of general creditors of the Organization in an amount equal to the fair market value of the deferred account for each participant. The related assets and liabilities are reported at fair market value based on quoted market prices and are included within deferred compensation funds and deferred compensation payable in the consolidated statements of financial position.

NOTE 8 – DEFERRED COMPENSATION AND SUPPLEMENTAL BENEFITS PLANS (continued)

The Organization offers a supplemental benefits plan (the "Supplemental Plan") for its officers, senior vice presidents, and vice presidents. Each year, the Supplemental Plan contributes 14% of salary for the chief executive officer, 9% for other officers and senior vice presidents, and 4% for vice presidents. The Supplemental Plan is a flexible benefit plan allowing the Supplemental Plan participants to select from limited options, which include payment for spousal long-term care, and the balance as a contribution into the 457(b) deferred compensation plan (above) and/or an executive savings plan to supplement current basic and supplemental benefits. The executive savings plan replaced the capital accumulation plan effective January 1, 2013. All Supplemental Plan participants receive life insurance, disability salary continuation, long-term disability and long-term care insurance. The executive savings plan was created in accordance with applicable provisions of the Internal Revenue Code (IRC Sec 7702) whereby after-tax contributions into the plan accumulate without taxation and may be distributed without taxation using a combination of tax-free withdrawals and loans. Contributions will result in current income taxation. Plan balances are personally owned by the plan participants immediately and are not subject to a risk of forfeiture; as such, the plan assets are not recorded on the Organization's financial statements. The Supplemental Plan also provides for additional life insurance up to $750,000.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2016 and 2015, were available for the following purposes (in thousands):

	2016	2015
Foundation:		
Donor recruitment	$ 1,539	$ 3,357
Patient assistance	1,656	1,666
Research	696	829
Special programs and other	293	260
	$ 4,185	$ 6,112

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation and Unasserted Claims - The Organization was involved in various legal proceedings or had unasserted claims incidental to its business. While the outcome of these claims is not presently determinable, it is the opinion of management that the ultimate resolution of these claims will not have a material adverse effect on the consolidated financial position or results of operations of the Organization. The Organization included within the financial statements their best estimate of the liability relating to such items where the loss is probable and estimable. Actual results could differ from those estimates.

Self-Insurance - The Organization is self-insured for employee health and dental insurance claims with a stop loss limit of $125,000 per member for health claims and $1,000 or $1,500 per member for dental claims depending on the employee elected plan. A liability is recorded with respect to unasserted claims based on actual claims to date. The estimated liability for health claims was $654,000 and $596,000 as of September 30, 2016 and 2015, respectively. The estimated liability for dental claims was $16,000 and $19,000 as of September 30, 2016 and 2015, respectively. Actual results could differ from those estimates.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued)

As of March 23, 2015, CLR, a wholly owned captive insurance company, was incorporated to insure the Program's donors. Effective May 1, 2015, CLR issued an occurrence based insurance policy to the Program with coverage provided at $250,000 per occurrence with no aggregate limit. The policy was renewed effective May 31, 2016 with increased coverage of $1,000,000 per occurrence and no annual aggregate limit. The policy runs to April 30, 2017. Effective May 1, 2015, also renewed on May 1, 2016, CLR provided coverage in excess of the primary layer for $10,000,000 in excess of $1,000,000 per occurrence and no annual aggregate limit. CLR purchased 100% reinsurance with a rated reinsurer in support of the excess limits of liability offered. A liability is recorded with respect to current claims and unasserted claims based on actual claims to date and actuarial studies of estimated future liabilities for such claims. The estimated liability for these claims was $515,000 and $268,000 as of September 30, 2016 and 2015, respectively, and is included in accrued expenses on the statements of financial position. Actual results could differ from those estimates.

Lease Commitments - The Organization leases space under noncancelable operating leases with expiration dates through fiscal 2021. Total rent expense under all operating lease agreements was $1,797,000 and $4,105,000 for the years ended September 30, 2016 and 2015, respectively. Rent expense is recorded within occupancy in the consolidated statements of functional expenses.

The future minimum lease payments under noncancelable operating lease agreements as of September 30, 2016, were as follows (in thousands):

2017	$ 623
2018	506
2019	381
2020	319
2021	187
Total	$ 2,016

ADDITIONAL CONSOLIDATING INFORMATION

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION INFORMATION
For the Year Ended September 30, 2016
(in thousands)

	NMDP	BTMB	Subtotal	BTMF	CLR	BTMBTS	Eliminations	Consolidated
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	$ 45,054	$ 305	$ 45,359	$ 4,599	$ 687	$ 10	$ -	$ 50,655
Short-term investments	15,000	-	15,000	2,000	-	-	-	17,000
Receivables:								
Transplant center and other receivables, net	49,814	-	49,814	42	732	682	(2,486)	48,784
Contract receivables	7,093	76	7,169	-	-	-	-	7,169
Pledges receivable	-	-	-	136	-	-	-	136
Prepaid expenses and other	5,468	11	5,479	14	84	-	-	5,577
Total Current Assets	122,429	392	122,821	6,791	1,503	692	(2,486)	129,321
LONG-TERM INVESTMENTS	84,708	-	84,708	10,311	101	-	(1,620)	93,500
PROPERTY AND EQUIPMENT	113,265	-	113,265	-	-	-	-	113,265
DEFERRED COMPENSATION FUNDS	3,130	-	3,130	-	-	-	-	3,130
OTHER ASSETS	1,282	-	1,282	1,127	-	20	-	2,429
TOTAL ASSETS	**$ 324,814**	**$ 392**	**$ 325,206**	**$ 18,229**	**$ 1,604**	**$ 712**	**$ (4,106)**	**$ 341,645**
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable	$ 26,066	$ 20	$ 26,086	$ 173	$ 18	$ -	$ (36)	$ 26,241
Accrued expenses	18,326	191	18,517	2,157	678	6	(2,450)	18,908
Accrued compensation and benefits	13,357	-	13,357	134	-	-	-	13,491
Current maturities of long-term debt	5,895	-	5,895	-	-	70	-	5,965
Current maturities of long-term capital lease	2,377	-	2,377	-	-	-	-	2,377
Refundable advances and deferred revenue	6,157	-	6,157	-	808	-	-	6,965
Total Current Liabilities	72,178	211	72,389	2,464	1,504	76	(2,486)	73,947
DEFERRED COMPENSATION PAYABLE	3,133	-	3,133	-	-	-	-	3,133
LONG-TERM DEBT	18,310	-	18,310	-	-	507	-	18,817
LONG-TERM CAPITAL LEASE	55,998	-	55,998	-	-	-	-	55,998
TOTAL LIABILITIES	**149,619**	**211**	**149,830**	**2,464**	**1,504**	**583**	**(2,486)**	**151,895**
NET ASSETS	175,195	181	175,376	15,765	100	129	(1,620)	189,750
TOTAL LIABILITIES AND NET ASSETS	**$ 324,814**	**$ 392**	**$ 325,206**	**$ 18,229**	**$ 1,604**	**$ 712**	**$ (4,106)**	**$ 341,645**

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION INFORMATION
For the Year Ended September 30, 2015
(in thousands)

	NMDP	BTMF	CLR	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 23,040	$ 3,907	$ 371	$ -	$ 27,318
Short-term investments	15,000	-	-	-	15,000
Receivables:					
Transplant center and other receivables, net	47,798	1	577	(1,130)	47,246
Contract receivables	4,688	-	-	-	4,688
Pledges receivable	-	441	-	(158)	283
Prepaid expenses and other	5,057	25	71		5,153
Total Current Assets	95,583	4,374	1,019	(1,288)	99,688
LONG-TERM INVESTMENTS	76,720	13,271	-	(100)	89,891
PROPERTY AND EQUIPMENT	70,220	5	-	-	70,225
DEFERRED COMPENSATION FUNDS	2,676	-	-	-	2,676
OTHER ASSETS	1,697	1,028	-	-	2,725
TOTAL ASSETS	**$ 246,896**	**$ 18,678**	**$ 1,019**	**$ (1,388)**	**$ 265,205**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 27,881	$ 686	$ 32	$ (32)	$ 28,567
Accrued expenses	17,452	1,766	281	(1,256)	18,243
Accrued compensation and benefits	13,682	215	-	-	13,897
Current maturities of long-term debt	5,853	-	-	-	5,853
Refundable advances and deferred revenue	6,072	-	606	-	6,678
Total Current Liabilities	70,940	2,667	919	(1,288)	73,238
DEFERRED COMPENSATION PAYABLE	2,680	-	-	-	2,680
LONG-TERM DEBT	24,789	-	-	-	24,789
TOTAL LIABILITIES	98,409	2,667	919	(1,288)	100,707
NET ASSETS	148,487	16,011	100	(100)	164,498
TOTAL LIABILITIES AND NET ASSETS	**$ 246,896**	**$ 18,678**	**$ 1,019**	**$ (1,388)**	**$ 265,205**

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARIES

CONSOLIDATING SCHEDULE OF ACTIVITIES INFORMATION
For the Year Ended September 30, 2016
(in thousands)

	NMDP	BTMB	Subtotal	BTMF	CLR	BTMBTS	Eliminations	Consolidated
REVENUES AND GAINS:								
Search and procurement fees	$ 337,543	$ 1,515	$ 339,058	$ -	$ -	$ -	$ -	$ 339,058
Federal contracts and cooperative agreements	41,747	-	41,747	-	-	-	-	41,747
Contributions	9,340	-	9,340	9,784	-	-	(6,876)	12,248
Other	735	59	794	-	981	-	(1,182)	593
Total Revenues and Gains	389,365	1,574	390,939	9,784	981	-	(8,058)	393,646
EXPENSES:								
Program services	312,191	1,027	313,218	8,467	827	-	(5,873)	316,639
Management and general	54,730	1,176	55,906	1,508	154	581	(1,499)	56,650
Fundraising	1,279	-	1,279	1,180	-	-	(686)	1,773
Total Expenses	368,200	2,203	370,403	11,155	981	581	(8,058)	375,062
EXCESS (DEFICIENCY) OF REVENUES AND GAINS OVER EXPENSES	21,165	(629)	20,536	(1,371)	-	(581)	-	18,584
OTHER INCOME AND EXPENSES								
Loss on disposal of asset	(972)	-	(972)	-	-	-	-	(972)
Investment income	2,513	-	2,513	654	-	-	-	3,167
Change in unrealized appreciation on investments	4,002	-	4,002	471	-	-	-	4,473
Total Other Income and Expenses	5,543	-	5,543	1,125	-	-	-	6,668
INCREASE (DECREASE) IN NET ASSETS	**26,708**	**(629)**	**26,079**	**(246)**	**-**	**(581)**	**-**	25,252
Net Assets - Beginning of Year	148,487	-	148,487	16,011	100	-	(100)	164,498
Investment in Subsidiary	-	810	810	-	-	710	(1,520)	-
NET ASSETS - End of Year	**$ 175,195**	**$ 181**	**$ 175,376**	**$ 15,765**	**$ 100**	**$ 129**	**$ (1,620)**	**$ 189,750**

NATIONAL MARROW DONOR PROGRAM AND SUBSIDIARIES

CONSOLIDATING SCHEDULE OF ACTIVITIES INFORMATION
For the Year Ended September 30, 2015
(in thousands)

	NMDP	BTMF	CLR	Eliminations	Consolidated
REVENUES AND GAINS:					
Search and procurement fees	$ 339,318	$ -	$ -	$ -	$ 339,318
Federal contracts and cooperative agreements	43,971	-	-	-	43,971
Contributions	10,860	14,735	-	(13,211)	12,384
Other	1,042	-	424	(433)	1,033
Total Revenues and Gains	395,191	14,735	424	(13,644)	396,706
EXPENSES:					
Program services	329,012	12,846	307	(8,765)	333,400
Management and general	41,835	1,716	117	(1,700)	41,968
Fundraising	4,416	3,937	-	(3,179)	5,174
Total Expenses	375,263	18,499	424	(13,644)	380,542
EXCESS (DEFICIENCY) OF REVENUES AND GAINS OVER EXPENSES	19,928	(3,764)	-	-	16,164
OTHER INCOME AND EXPENSES					
Gain on disposal of asset	15	-	-	-	15
Loss on debt extinguishment	(6,446)	-	-	-	(6,446)
Investment income	1,899	630	-	-	2,529
Change in unrealized appreciation on investments	(2,129)	(526)	-	-	(2,655)
Total Other Income and Expenses	(6,661)	104	-	-	(6,557)
INCREASE (DECREASE) IN NET ASSETS	**13,267**	**(3,660)**	**-**	**-**	**9,607**
Net Assets - Beginning of Year	135,220	19,671	-	-	154,891
Investment in Subsidiary	-	-	100	(100)	-
NET ASSETS - End of Year	**$ 148,487**	**$ 16,011**	**$ 100**	**$ (100)**	**$ 164,498**