National Marrow Donor Program and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

September 30, 2023 and 2022

Independent Auditors' Report

To the Board of Directors of
National Marrow Donor Program and Subsidiaries

Opinion

We have audited the consolidated financial statements of National Marrow Donor Program and Subsidiaries (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as identified 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 US, LLP

Minneapolis, Minnesota
January 24, 2024

National Marrow Donor Program and Subsidiaries

Consolidated Statements of Financial Position
September 30, 2023 and 2022
(In Thousands)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets						
Cash and cash equivalents	$ 40,194	$ 4,604	$ 44,798	$ 23,230	$ 3,449	$ 26,679
Short-term investments (Note 5)	157	153	310	136	145	281
Receivables:						
Transplant center and other receivables, net of allowance of $325 in 2023 and $601 in 2022	53,521	-	53,521	46,354	-	46,354
Contract receivables	21,783	-	21,783	18,156	-	18,156
Pledges receivable, net of allowance of $140 in 2023 and $100 in 2022 (Note 2)	247	1,080	1,327	461	813	1,274
Prepaid expenses and other	10,655	-	10,655	10,026	-	10,026
Total current assets	126,557	5,837	132,394	98,363	4,407	102,770
Long-Term Investments (Note 5)	126,498	2,224	128,722	114,516	1,953	116,469
Property and Equipment (Note 4)	45,003	-	45,003	81,849	-	81,849
Right of Use Asset - Financing, Net (Note 7)	29,523	-	29,523	-	-	-
Right of Use Asset - Operating, Net (Note 7)	2,406	-	2,406	-	-	-
Deferred Compensation Funds (Notes 5 and 9)	4,754	-	4,754	4,431	-	4,431
Long-Term Pledges Receivable, Net Present Value Discount (Note 2)	-	1,920	1,920	1,255	844	2,099
Other Assets	2,575	-	2,575	2,737	-	2,737
Total assets	$ 337,316	$ 9,981	$ 347,297	$ 303,151	$ 7,204	$ 310,355
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	$ 17,952	$ -	$ 17,952	$ 13,035	$ -	$ 13,035
Accrued expenses	44,805	-	44,805	33,966	-	33,966
Accrued compensation and benefits	43,319	-	43,319	35,434	-	35,434
Current maturities of long-term debt (Note 6)	-	-	-	70	-	70
Current maturities of long-term financing lease (Note 7)	4,147	-	4,147	3,863	-	3,863
Current maturities of long-term operating lease (Note 7)	231	-	231	-	-	-
Refundable advances and deferred revenue (Note 2)	4,389	-	4,389	2,500	-	2,500
Total current liabilities	114,843	-	114,843	88,868	-	88,868
Deferred Compensation Payable (Note 9)	7,079	-	7,079	5,720	-	5,720
Long-Term Debt (Note 6)	-	-	-	128	-	128
Long-Term Financing Lease (Note 7)	33,325	-	33,325	36,966	-	36,966
Long-Term Operating Lease (Note 7)	2,315	-	2,315	-	-	-
Total liabilities	157,562	-	157,562	131,682	-	131,682
Net Assets	179,754	9,981	189,735	171,469	7,204	178,673
Total liabilities and net assets	$ 337,316	$ 9,981	$ 347,297	$ 303,151	$ 7,204	$ 310,355

See notes to consolidated financial statements

National Marrow Donor Program and Subsidiaries

Consolidated Statements of Activities
Years Ended September 30, 2023 and 2022
(In Thousands)

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues and Gains						
Search and procurement fees	$ 486,414	$ -	$ 486,414	$ 413,360	$ -	$ 413,360
Federal contracts and cooperative agreements	55,427		55,427	57,909	-	57,909
Contributions	31,295	3,979	35,274	29,782	2,521	32,303
Other	136		136	963	-	963
Net assets released from restrictions	1,431	(1,431)	-	4,055	(4,055)	-
Total revenues and gains	574,703	2,548	577,251	506,069	(1,534)	504,535
Expenses						
Program services	479,475	-	479,475	425,584	-	425,584
Management and general	99,489	-	99,489	98,293	-	98,293
Fundraising	6,546	-	6,546	1,522	-	1,522
Total expenses	585,510	-	585,510	525,399	-	525,399
Excess (deficiency) of revenues and gains over expenses	(10,807)	2,548	(8,259)	(19,330)	(1,534)	(20,864)
Other Income (Expenses) and Other Changes						
Gain/(loss) on disposal of asset	26	-	26	(678)		(678)
Investment return, net	18,949	229	19,178	(34,204)	(421)	(34,625)
Total other income (expenses) and other changes	18,975	229	19,204	(34,882)	(421)	(35,303)
Increase (decrease) in net assets before cumulative effect of adoption of accounting standard	8,168	2,777	10,945	(54,212)	(1,955)	(56,167)
Cumulative Effect of Adoption of ASU No. 2016-02	117	-	117	-	-	-
Increase (decrease) in net assets	8,285	2,777	11,062	(54,212)	(1,955)	(56,167)
Net Assets, Beginning	171,469	7,204	178,673	225,681	9,159	234,840
Net Assets, Ending	$ 179,754	$ 9,981	$ 189,735	$ 171,469	$ 7,204	$ 178,673

See notes to consolidated financial statements

National Marrow Donor Program and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended September 30, 2023
(In Thousands)

	Program Services					Support Services			
	Medical Services	Recruitment	Research	Public Awareness	Total	Management and General	Fundraising	Total	Total
Medical services	$ 222,531	$ -	$ -	$ -	$ 222,531	$ 1,037	$ -	$ 1,037	$ 223,568
Donor recruitment services	-	15,252	-	-	15,252	-	-	-	15,252
Research activities	-	-	14,141	-	14,141	-	-	-	14,141
Compensation	73,231	16,423	21,785	12,745	124,184	47,553	2,419	49,972	174,156
Benefits	18,921	3,922	5,325	3,218	31,386	11,345	607	11,952	43,338
Professional fees	14,397	6,776	16,857	4,098	42,128	14,232	1,557	15,789	57,917
Travel	887	1,265	514	686	3,352	1,281	18	1,299	4,651
Professional development	527	75	113	81	796	508	4	512	1,308
Occupancy	489	93	45	144	771	3,898	51	3,949	4,720
Telecommunications	522	130	127	64	843	386	63	449	1,292
Information processing	7,427	1,869	2,869	977	13,142	6,278	902	7,180	20,322
Printing and copying	154	90	47	391	682	135	122	257	939
Postage and shipping	404	187	38	119	748	237	15	252	1,000
Depreciation and amortization	5,166	1,316	1,234	677	8,393	8,808	577	9,385	17,778
Interest expense	-	-	-	-	-	1,703	-	1,703	1,703
Office and miscellaneous	547	279	98	202	1,126	2,088	211	2,299	3,425
Total expenses	$ 345,203	$ 47,677	$ 63,193	$ 23,402	$ 479,475	$ 99,489	$ 6,546	$ 106,035	$ 585,510

See notes to consolidated financial statements

National Marrow Donor Program and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended September 30, 2022
(In Thousands)

	Program Services					Support Services			
	Medical Services	Recruitment	Research	Public Awareness	Total	Management and General	Fundraising	Total	Total
Medical services	$ 192,098	$ -	$ -	$ -	$ 192,098	$ -	$ -	$ -	$ 192,098
Donor recruitment services	-	17,302	-	-	17,302	-	-	-	17,302
Research activities	-	-	13,113	-	13,113	-	-	-	13,113
Compensation	58,784	15,267	18,882	9,750	102,683	43,284	579	43,863	146,546
Benefits	15,465	3,967	4,955	1,652	26,039	14,221	159	14,380	40,419
Professional fees	12,638	13,503	16,163	6,679	48,983	13,571	554	14,125	63,108
Travel	512	824	292	440	2,068	495	11	506	2,574
Professional development	298	65	112	111	586	453	-	453	1,039
Occupancy	447	167	45	133	792	4,308	33	4,341	5,133
Telecommunications	303	197	96	48	644	343	1	344	988
Information processing	5,400	3,534	2,295	900	12,129	6,708	-	6,708	18,837
Printing and copying	141	70	29	284	524	94	28	122	646
Postage and shipping	278	180	47	92	597	158	9	167	764
Depreciation and amortization	3,231	2,025	1,033	626	6,915	10,165	-	10,165	17,080
Interest expense	-	-	-	-	-	2,164	-	2,164	2,164
Office and miscellaneous	625	308	20	158	1,111	2,329	148	2,477	3,588
Total expenses	$ 290,220	$ 57,409	$ 57,082	$ 20,873	$ 425,584	$ 98,293	$ 1,522	$ 99,815	$ 525,399

See notes to consolidated financial statements

National Marrow Donor Program and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022
(In Thousands)

	2023	2022
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ 11,062	$ (56,167)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization/accretion	17,778	17,290
Non-cash lease expense	139	-
(Gain)/Loss on disposal of asset	(26)	678
Net realized and unrealized (appreciation)/depreciation of investments	(15,998)	37,798
Contributions received for endowment	(20)	-
Changes in other operating activities:		
Receivables	(10,933)	(24)
Prepaid expenses and other assets	(467)	265
Accounts payable	4,784	(24,642)
Accrued expenses and compensation and benefits	18,724	17,837
Refundable advances and deferred revenue	1,889	(558)
Deferred compensation payable	1,359	(16)
Net cash from (used in) operating activities	28,291	(7,539)
Cash Flows From Investing Activities		
Purchases of investments	(4,505)	(4,613)
Sales/maturities of investments	8,221	1,255
Purchase of property, computer software and equipment	(9,984)	(11,208)
Net sales (purchases) of deferred compensation funds	(323)	1,031
Net cash (used in) investing activities	(6,591)	(13,535)
Cash Flows From Financing Activities		
Cash received from endowed gifts	285	503
Principal payments on long-term debt	(203)	(70)
Principal payments on long-term financing lease	(3,663)	(3,590)
Net cash (used in) financing activities	(3,581)	(3,157)
Increase (decrease) in cash and cash equivalents	18,119	(24,231)
Cash and Cash Equivalents, Beginning	26,679	50,910
Cash and Cash Equivalents, Ending	$ 44,798	$ 26,679
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 1,647	$ 1,927
Noncash investing and financing activities:		
Purchase of property and equipment included in accounts payable and accrued expenses at end of year	$ 1,026	$ 1,159

See notes to consolidated financial statements

1. Organization and Program Descriptions

The National Marrow Donor Program® (the Program or NMDP) is the global leader in providing blood stem cell and umbilical cord blood transplants to patients with life-threatening blood cancers like leukemia and lymphoma or other diseases. The mission drives the work to save lives through cellular therapy. Over the past 30 plus years Be The Match®, operated by the National Marrow Donor Program®, has managed the largest and most diverse blood stem cell registry in the world. The Program matches blood stem cell donors with patients in need, facilitates the donation and patient's path to transplantation and collects data to improve outcomes and experience. For more information, visit bethematch.org.

Be The Match Foundation® (the Foundation or BTMF) is operated by NMDP and raises funds to support the Program's initiatives. 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 blood stem cell donors to the Be The Match Registry®, support new research discoveries and Be The Match strategic initiatives.

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

Be The Match Collection Services, LLC (BTMCS) is a wholly owned subsidiary of NMDP focused on growing the Be The Match brand and blood stem cell donor collection capabilities throughout the cellular therapy network.

Be The Match Auxiliary Services, LLC (BTMAS) is a wholly owned for-profit subsidiary of NMDP.

Be the Match Mexico (BTMM), is a wholly owned subsidiary of NMDP and BTMF, 99% and 1% ownership respectively, created as a civil association in Mexico and is focused on diversifying the Be The Match Registry®, fundraising and bringing more awareness to the cause.

The consolidated financial statements include the accounts of the NMDP, BTMF, CLEAR, BTMCS, BTMAS and BTMM (collectively, the Organization), after elimination of intercompany accounts and transactions.

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. 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 deposited with one bank. Cash on deposit in excess of federally insured limits are subject to the usual banking risks of funds in excess of those limits.

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. Long-term investments are investments not intended to be liquidated over the next 12 months. Investments in marketable securities are stated at fair value, as determined by quoted market prices. Investments in securities without a readily determinable fair value are recorded at cost, adjusted for changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Realized gains and losses on investment sale are calculated based on 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 net present value at the date the promise is received. Conditional promises to give are recorded at fair value when the condition is met. As of September 30, 2023, the Organization had no conditional promises to give. Promises to give due in more than one year are discounted using a risk-free interest rate applicable to the year in which the promise is received.

During the years ended September 30, 2023 and 2022, contributions and pledges received from related parties (members of the Board of Directors) totaled $284 and $221, respectively. Pledges receivable as of September 30, 2023, and 2022 from members of the Board of Directors were $245 and $548, respectively.

As of September 30, 2023 and 2022, pledges receivable are outstanding for the following purposes:

	2023	2022
Operations (program)	$ 3,460	$ 3,003
Endowment	149	470
Total pledges receivable, gross	$ 3,609	$ 3,473

As of September 30, 2023 and 2022, the expected future cash receipts of pledges receivable are as follows:

	2023	2022
Pledges due, less than one year	$ 1,467	$ 1,374
Pledges due, in one to five years	1,867	1,616
Pledges due, in more than five years	275	483
Total pledges receivable, gross	3,609	3,473
Allowance for uncollectible pledges	(140)	(100)
Discount to net present value	(222)	-
Total pledges receivable, net	$ 3,247	$ 3,373

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. Leased buildings are amortized using the straight-line method over the shorter of the useful life of the building or the term of the lease.

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 five to ten years.

Leases

Effective October 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), and all related amendments using the modified retrospective approach. The Organization's 2022 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Organization recorded operating lease right-of-use assets and lease liabilities of $2,664 and $2,761, respectively, and finance lease right-of-use assets and lease liabilities of $33,304 and $41,065, respectively. The Organization had a cumulative adjustment of $117 to net assets upon the adoption of Topic 842 related to its leases that existed at the date of adoption.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Organization elected:

- The package of practical expedients permitted under the transition guidance which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs;

- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Organization's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- The Organization has elected the policy not to separate lease and nonlease components for all asset classes;

- The Organization elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 7.

Accrued Medical Liabilities

The Organization procures medical services from third-party health practitioners and clinics and pays for these services based on the Organization'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 Organization 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. Adjustments to prior estimates are charged to operations in the year in which the adjustments are made as a change in estimate. The Organization's estimated liability for unpaid medical services totaled approximately $42,000 and $28,000 as of September 30, 2023 and 2022, respectively. Results could differ from these estimates.

Approximately $10,000 and $32,000 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, 2023. Approximately $4,000 and $24,000 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, 2022.

Net Assets

Net assets, revenues and gains and expenses are classified based on the existence or absence of contributor-imposed restrictions. Net assets that are not subject to contributor-imposed stipulations are classified as net assets without donor restrictions, while net assets subject to contributor-imposed stipulations that will be met by actions taken by the Organization, or the passage of time are classified as net assets with donor restrictions. When a contributor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions whose contributor restriction expires in the same year as funds are received are classified as net assets without donor restrictions in the consolidated statements of activities. In the absence of contributor specifications that income and gains on contributed funds be restricted, such income and gains are reported as income without donor restrictions. The Organization recruits blood stem cell donors; however, throughout the consolidated financial statements, if not already noted, donors mean financial contributors.

Revenue Recognition

Search and procurement fee revenue is recognized when the performance obligation is satisfied. For most contracts with customers, the performance obligations are the donor typing sample results, donor cell product collection or cord blood shipment. Revenue for services is recognized and billed at that time. The Organization determines the transaction price for all services performed under the contract with customers.

Federal contracts and cooperative agreements revenue such as those awarded under the Health Resources and Service Administration (HRSA), Office of Naval Research (Navy), and National Institute of Health (NIH) contracts are recognized as revenue at a point in time as qualified expenses are incurred as that is when the performance obligation is satisfied.

Contributions of unconditional promises to give, cash and other assets to the Organization, such as those received from individual contributors, foundations and corporate partnerships, and fundraising events are reported at fair value at the date the promise is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are recorded at fair value when the conditional performance obligation is met.

Donated Services and Materials

Donated services are recognized as contributions in accordance with 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 volunteer services have been reflected in the consolidated financial statements since the recognition criteria was not met. Blood stem cell 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 costs of providing the Organization's various programs, including medical services, volunteer stem cell donor recruitment, research, public awareness and supporting services have been summarized functionally. Accordingly, certain costs such as compensation and benefits and professional fees have been allocated among the programs and supporting services benefited based on conversations with department leaders to estimate where time and specific work efforts are focused, what technology systems are being supported, and what organizational goals these departments support. Medical services include matching donors to patients in need and facilitating the stem cell donation. Recruitment is registering potential stem cell donors and maintaining the national donor registry. The Organization aims to provide a diverse listing of potential donors and cord blood units. Research services are aimed at improving patient outcomes and the patient and donor experience. This work includes establishing and maintaining an extensive database for researchers, conducting observational studies, and facilitating clinical trials. Public awareness increases knowledge of the Organization and its mission to patients, physicians, and the general public. Fundraising activities include soliciting contributions to benefit the organization and our patients.

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 FASB 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, 2023 or 2022. The Organization's tax returns are subject to review and examination by federal and state authorities.

BTMCS is treated as a disregarded entity for income tax reporting purposes. As such, BTMCS's income, losses and credits are included in the tax return of its sole member and parent, NMDP. BTMAS is a regarded entity for tax purposes and files a separate tax return. CLEAR is an exempt company operating subject to the Companies Law (Revised) of Cayman Islands and is included in the tax return of NMDP. BTMM is treated as a foreign corporation for U.S income tax reporting purposes. BTMM files a separate tax return in Mexico.

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.

Use of Estimates

The preparation of the consolidated 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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. 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, 2023 through January 24, 2024, the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements Adopted

As described above, the Organization adopted FASB ASU No. 2016-02, *Leases* (Topic 842) in fiscal year 2023.

Recent Accounting Pronouncements Not Yet Adopted

During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 (as amended) is effective for annual periods beginning after December 15, 2022 (fiscal year 2024). The Organization is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its consolidated financial statements.

Reclassifications

Certain amounts appearing in the 2022 financial statements have been reclassified to conform to the 2023 presentation. The reclassifications had no effect on the amounts of total cash, change in cash, net assets and change in net assets, as previously reported.

3. Liquidity and Availability of Financial Resources

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

The following reflects the Organization's financial assets as of the balance sheet date available for general use within one year. These amounts do not include items that have contractual or donor-imposed restrictions or internal designations that prevent them from being available for general expenditure within one year.

	2023	2022
Cash and cash equivalents	$ 44,798	$ 26,679
Short-term investments	310	281
Transplant center and other receivables, net of allowance	53,521	46,354
Contract receivables	21,783	18,156
Pledges receivable due within one year	1,327	1,274
Long-term investments	128,722	116,469
Less cash, cash equivalents, investments and pledges receivable due within one year restricted or designated for endowment purposes	(4,821)	(4,542)
Financial assets available within the next year	$ 245,640	$ 204,671

Excluded from financial assets available within the next year in the table above are investments designated by the Board of Directors for endowment purposes of $3,034 and $2,848 as of September 30, 2023 and 2022, respectively, which could be made available for general expenditure as approved by the Board.

4. Property and Equipment

A summary of the cost of property and equipment and the related accumulated depreciation and amortization as of September 30, 2023 and 2022, is as follows:

	2023	2022
Software	$ 65,645	$ 75,131
Leased property (see Note 7 for 2023 presentation)	-	60,209
Furniture and equipment	23,030	22,360
Leasehold improvements	11,645	9,619
Total cost of assets placed in service	100,320	167,319
Less accumulated depreciation and amortization	(61,110)	(88,142)
Work in process	5,793	2,672
Property and equipment, net	$ 45,003	$ 81,849

Work in process as of September 30, 2023 includes the acquisition, development, installation, and implementation of computer hardware, packaged and customized computer software, leasehold improvements and furniture and equipment. The Organization's depreciation and amortization expense during the years ended September 30, 2023 and 2022, was $14,058 and 17,080, respectively.

5. Investments and Fair Value Measurements

The types of investments held as of September 30, 2023 and 2022 were as follows:

	2023	2022
Mutual funds	$ 128,525	$ 115,847
Domestic equity securities	507	837
Cash and certificates of deposit, at cost	-	66
	$ 129,032	$ 116,750
Reported on the statements of financial position as:		
Short-term investments	$ 310	$ 281
Long-term investments	128,722	116,469
	$ 129,032	$ 116,750

Domestic equity securities represent the Organization's program related investment in an unrelated entity. The main purpose of the Organization's program-related investment is to further the program's tax-exempt purpose of the Program. The production of income or the appreciation of the assets is not a significant purpose.

The summary of the investment return for the years ended September 30, 2023 and 2022, is as follows:

	2023	2022
Interest income, net	$ 3,180	$ 3,158
Realized gain/(loss) on investments	6,286	(9,816)
	9,466	(6,658)
Change in unrealized appreciation/(depreciation) on investments	9,712	(27,967)
Total investment return/(loss)	$ 19,178	$ (34,625)

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 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 and domestic equity securities are valued at the closing price reported in the active market in which the individual funds and securities are traded and are recorded within Level 1 in the valuation hierarchy.

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 on September 30, 2023 and 2022.

Financial assets measured at fair value on a recurring basis as of September 30, 2023 and 2022, by type of inputs applicable to the fair value measurements, are summarized as follows:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Domestic equities	$ 46,222	$ -	$ -	$ 46,222
International equities	21,895	-	-	21,895
Fixed income	60,408	-	-	60,408
Total mutual funds	128,525	-	-	128,525
Domestic equity securities	507	-	-	507
Deferred compensation funds	4,754	-	-	4,754
Total assets measured at fair value	$ 133,786	$ -	$ -	$ 133,786

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Domestic equities	$ 38,494	$ -	$ -	$ 38,494
International equities	18,227	-	-	18,227
Fixed income	59,126	-	-	59,126
Total mutual funds	115,847	-	-	115,847
Domestic equity securities	837	-	-	837
Deferred compensation funds	4,431	-	-	4,431
Total assets measured at fair value	$ 121,115	$ -	$ -	$ 121,115

6. Long-Term Debt

A summary of long-term debt as of September 30, 2023 and 2022, is as follows:

	2023	2022
Restaurant loan, net of unamortized discount	$ -	$ 198
Less current maturities of long-term debt	-	(70)
Long-term portion	$ -	$ 128

In 2015, the Organization entered into an agreement with Bon Appetit Management Co. to operate a restaurant within its coordinating center. The agreement's terms provided that Bon Appetit would provide a $700 noninterest bearing ten-year loan (Restaurant Loan) to fund certain improvements to the premises. The Organization recorded a discount associated with the loan to reflect imputed interest at 1.7%, representing the Organization's borrowing rate at inception of the loan. The loan proceeds were issued in September 2015 with a final maturity date of November 2025. The loan was paid off in fiscal year 2023.

In 2023, the Organization entered into a renewable one-year $15,000 Revolving Credit Agreement. There have been no borrowings under this line of credit.

7. Leases

As of September 30, 2023, NMDP had operating and financing leases for certain facilities and office equipment with lease terms ranging from five to fifteen years. Several leases contain options to extend the lease term for multiple periods ranging from five to seven years, and several leases contain options to terminate the lease early.

Leases, Prior to October 1, 2022

The term of the Organization’s Minneapolis coordinating center lease is 15 years with cumulative base rent payments approximating $84,288. The Organization recorded the capital lease asset and capital lease obligation in 2016 at the beginning of the lease term in the amount of $60,209, which approximates the present value of the minimum lease payments incurred during the lease term. The Organization incurred $1,927 of interest costs during the year ended September 30, 2022.

The Organization leases space and office equipment under noncancelable operating leases with expiration dates through fiscal 2032. Total rent expense under all operating lease agreements was $724 for the year ended September 30, 2022. Rent expense was recorded within occupancy in the consolidated statement of functional expenses.

Leases, October 1, 2022 and After

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses the Organization's incremental borrowing rate. If an incremental borrowing rate is not available, the Organization uses the U.S. prime rate as its discount rate.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Determined the discount rate used to measure the lease liability.

The Organization does not have any material leasing transactions with related parties.

The following table summarizes the lease right-of-use assets and lease liabilities as of September 30, 2023:

Right-of-use assets:		
Operating leases	$	2,406
Finance leases		29,523
Total right-of-use assets	$	31,929
Lease liabilities:		
Current operating lease liabilities	$	231
Current finance lease liabilities		4,147
Long-term operating lease liabilities		2,315
Long-term finance lease liabilities		33,325
Total lease liabilities	$	40,018

Below is a summary of expenses incurred pertaining to leases during the year ended September 30, 2023:

Finance lease expense:		
Amortization of right-of-use assets	$	3,720
Interest on lease liabilities		1,642
Operating lease expense		355
Total lease expense	$	5,717

The following table presents supplemental information related to leases:

Weighted average remaining lease term (in years):	
Operating leases	8.06
Finance leases	7.23
Weighted average discount rate:	
Operating leases	3.68 %
Finance leases	4.52 %

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after September 30, 2023:

	Operating Leases	Finance Leases
Year ending September 30:		
2024	$ 320	$ 5,755
2025	368	5,869
2026	376	5,985
2027	385	6,103
2028	393	6,157
Thereafter	1,105	14,281
Total lease payments	2,947	44,150
Less present value discount	(401)	(6,678)
Total lease liabilities	2,546	37,472
Less current portion	(231)	(4,147)
Long-term lease liabilities	$ 2,315	$ 33,325

The following table includes supplemental cash flow and noncash information related to the leases for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 352
Operating cash flows from finance leases	1,773
Financing cash flows from finance leases	3,663
Right-of-use assets obtained in exchange for lease liabilities:	
Finance leases	306

8. 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, 2023 and 2022, were as follows:

	2023	2022
HRSA contracts	$ 24,552	$ 30,792
Navy grants	19,825	17,434
MCW sub-award agreements, Other	7,437	6,184
MCW sub-award agreements, Blood and Marrow Transplant Clinical Trials Network	2,931	2,774
NIH agreements	682	725
	$ 55,427	$ 57,909

In September 2022, HRSA awarded two contracts to the Organization with a one-year base period of performance (September 29, 2022 to September 28, 2023) and four one-year options (spanning from September 29, 2023 to September 28, 2027). The two contracts awarded are to operate the Single Point of Access-Coordinating Center (#75R60222C00008) and Office of Patient Advocacy (#75R60222C00009). The two base contracts and their subsequent option years provide an increased level of funding in total compared to the previous HRSA contract.

As of September 30, 2023, the Organization has been awarded $38,373 of federal contracts and cooperative agreements that have not been recognized in the consolidated financial statements as recognition is conditional upon occurrence of certain qualified expenditures.

9. 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 more than the maximum FICA taxable wage base up to $305 and $290 for the years ended September 30, 2023 and 2022, respectively. The Organization's contributions to the Retirement Plan were $10,020 and $8,647 for the years ended September 30, 2023 and 2022, respectively.

10. Deferred Compensation and Supplemental Benefits Plans

The Organization offers its officers, senior vice presidents, 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 compensation 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.

The Organization offers a supplemental benefits plan (the Supplemental Plan) for its officers, senior vice presidents and vice presidents. All Supplemental Plan participants received $750,000 in life insurance, long-term disability and long-term care insurance. The supplemental plan was created in accordance with applicable provisions of the Internal Revenue Code (IRC Sec 7702). Premiums are paid by the Organization and are treated as taxable income to plan participants. Future benefits received under the plan, if any, will not be taxable. 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 consolidated financial statements.

11. Restricted Net Assets and Designated Net Assets

Donor restricted net assets as of September 30, 2023 and 2022, were available for the following purposes:

	2023	2022
Foundation and Mexico:		
Blood stem cell donor recruitment	$ 3,146	$ 2,811
Patient assistance	2,380	1,956
Research & Patient Assistance, restricted in perpetuity	2,334	1,695
Awareness and other	171	643
Research, purpose restricted	181	99
Unrestricted in purpose, restricted by time	1,769	-
	$ 9,981	$ 7,204

Designated Net Assets

In June 2018, the Foundation Board of Directors (Foundation Board) voted to match new contributions to an endowment up to $3,000 in principal. The Foundation board-designated net assets as of September 30, 2023 and 2022 were $3,034 and $2,848, respectively, which includes both principal and earnings thereon. As of September 30, 2023, $196 remains to meet the $3,000 match.

12. Commitments and Contingencies

Litigation and Unasserted Claims

The Organization is involved in various legal proceedings or has 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 consolidated financial statements their best estimate of the liability relating to such items where the loss is probable and estimable. 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 per member for health claims and $1 or $1.5 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 $1,496 and $1,455 as of September 30, 2023 and 2022, respectively. The estimated liability for dental claims was $51 and $36 as of September 30, 2023 and 2022, respectively. Results could differ from those estimates.

CLEAR was incorporated to insure the Program's blood stem cell donors. The policy issued by CLEAR in existence during 2023 and 2022 is an occurrence-based insurance policy with coverage provided at $1,000 per occurrence with no aggregate limit. In addition, CLEAR provided coverage over the primary layer for $10,000 over $1,000 per occurrence and no annual aggregate limit. CLEAR 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 $1,109 and $1,079 as of September 30, 2023 and 2022, respectively and is included in accrued expenses on the consolidated statements of financial position. Results could differ from those estimates.

CLEAR also provided an employee health insurance stop loss layer between $125 and $250. The estimated liability for stop loss claims was $422 and $704 as of September 30, 2023 and 2022, respectively.

13. Endowment

The Foundation's endowment consists of an individual pooled fund established to support the mission. The endowment will include both contributor-restricted endowment funds and matching funds designated by the Foundation Board to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Foundation Board as endowments, are classified and reported based on the existence or absence of contributor-imposed restrictions.

Interpretation of Relevant Law

The Foundation Board has interpreted the Minnesota enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the contributor as expressed in the gift instrument. The Foundation Board has determined it is prudent to preserve the original gift as of the gift date of the contributor-restricted endowment funds absent explicit contributor stipulations to the contrary. The Foundation classifies as with donor restricted net assets (a) the original value of the gifts contributed to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable contributor gift instrument at the time the accumulation is added to the fund. The remaining portion of a contributor-restricted endowment fund that is not classified as held in perpetuity until those amounts are appropriated for expenditure by the Foundation through the Foundation Board's approval of the annual budget, which is inclusive of the spending rate for its endowment funds established pursuant to the Foundation's spending policy. See Note 2 for further information on net asset classifications.

Endowment net assets as of September 30, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Contributor-restricted	$ -	$ 1,787	$ 1,787
Board-designated	3,034	-	3,034
Total endowment net assets	$ 3,034	$ 1,787	$ 4,821

Endowment net assets as of September 30, 2022, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Contributor-restricted	$ -	$ 1,695	$ 1,695
Board-designated	2,848	-	2,848
Total endowment net assets	$ 2,848	$ 1,695	$ 4,543

Changes in endowment net assets for the year ended September 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance, October 1	$ 2,848	$ 1,695	$ 4,543
Contributions	-	20	20
Spending policy appropriation	(130)	(50)	(180)
Investment income and unrealized gains (net of fees)	316	122	438
Ending balance, September 30	$ 3,034	$ 1,787	$ 4,821

Changes in endowment net assets for the year ended September 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance, October 1	$ 3,609	$ 1,941	$ 5,550
Spending policy appropriation	(130)	(42)	(172)
Investment income and unrealized losses (net of fees)	(631)	(204)	(835)
Ending balance, September 30	$ 2,848	$ 1,695	$ 4,543

Funds With Deficiencies

Sometimes, the fair value of assets associated with individual contributor-restricted endowment funds may fall below the original value of the gifts contributed to each endowment fund. In accordance with GAAP, such deficiencies are reported in net assets with donor restrictions. If an endowment unit's fund balance falls below 80% of the principal value, spending would be ceased until the restoration of the principal value. As of September 30, 2023 and 2022, there were no such deficiencies.

Return Objectives and Risk Parameters

The Foundation's investment policy applies to investment holdings as well as endowment assets. The investment policy strives to provide a source of income for spending that is stable and predictable from year-to-year, while seeking to preserve capital, maintain the purchasing power of the endowment assets and prudently earn the highest possible rate of return consistent with the Foundation's ability to accommodate risk. The Foundation Board has adopted a spending policy for endowment assets with the same goals as the investment policy.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation including asset classes such as public equities, fixed income, and alternative assets to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation designates only a portion of the endowment cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The Foundation Board has approved a spending policy to appropriate a distribution during each fiscal year of an amount per endowment unit calculated at a rate 4.5% to 5% of the average endowment value per endowment unit from the preceding 16 quarters. A spending policy appropriation was made in fiscal year 2023 and 2022. In developing its spending policy, the Foundation considered certain of the following factors which it determines relevant:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

National Marrow Donor Program and Subsidiaries

Consolidating Schedule of Financial Position Information
September 30, 2023
(In Thousands)

	NMDP	BTMCS	BTMF	CLEAR	BTMAS	BTMM	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	$ 39,329	$ 1,849	$ 1,416	$ 1,460	$ 235	$ 509	$ -	$ 44,798
Short-term investments	-	-	310	-	-	-	-	310
Receivables:								
Transplant center and other receivables, net	57,171	391	2	283	-	14	(4,340)	53,521
Contract receivables	21,783	-	-	-	-	-	-	21,783
Pledges receivable	-	-	1,327	-	-	-	-	1,327
Prepaid expenses and other	10,372	18	130	10	-	125	-	10,655
Total current assets	128,655	2,258	3,185	1,753	235	648	(4,340)	132,394
Long-Term Investments	156,602	-	10,809	3,330	-	-	(42,019)	128,722
Property and Equipment	43,537	1,466	-	-	-	-	-	45,003
Right of Use Asset - Financing, Net	29,523	-	-	-	-	-	-	29,523
Right of Use Asset - Operating, Net	1,739	667	-	-	-	-	-	2,406
Deferred Compensation Funds	4,754	-	-	-	-	-	-	4,754
Long-Term Pledges Receivable	-	-	1,920	-	-	-	-	1,920
Other Assets	2,563	12	-	-	-	-	-	2,575
Total assets	$ 367,373	$ 4,403	$ 15,914	$ 5,083	$ 235	$ 648	$ (46,359)	$ 347,297
Liabilities and Net Assets								
Current Liabilities								
Accounts payable	$ 17,536	$ 430	$ 229	$ -	$ -	$ 129	$ (372)	$ 17,952
Accrued expenses	43,332	210	263	4,778	34	156	(3,968)	44,805
Accrued compensation and benefits	41,323	478	1,386	-	-	132	-	43,319
Current maturities of long-term financing lease (Note 7)	4,147	-	-	-	-	-	-	4,147
Current maturities of long-term operating lease (Note 7)	140	91	-	-	-	-	-	231
Refundable advances and deferred revenue	4,389	-	-	-	-	-	-	4,389
Total current liabilities	110,867	1,209	1,878	4,778	34	417	(4,340)	114,843
Deferred Compensation Payable	7,079	-	-	-	-	-	-	7,079
Long-Term Financing Lease (Note 7)	33,325	-	-	-	-	-	-	33,325
Long-Term Operating Lease (Note 7)	1,681	634	-	-	-	-	-	2,315
Total liabilities	152,952	1,843	1,878	4,778	34	417	(4,340)	157,562
Net Assets	214,421	2,560	14,036	305	201	231	(42,019)	189,735
Total liabilities and net assets	$ 367,373	$ 4,403	$ 15,914	$ 5,083	$ 235	$ 648	$ (46,359)	$ 347,297

National Marrow Donor Program and Subsidiaries

Consolidating Schedule of Financial Position Information
September 30, 2022
(In Thousands)

	NMDP	BTMCS	BTMF	CLEAR	BTMAS	BTMM	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	$ 17,019	$ 2,500	$ 1,772	$ 1,123	$ 762	$ 3,503	$ -	$ 26,679
Short-term investments	-	-	281	-	-	-	-	281
Receivables:								-
Transplant center and other receivables, net	51,466	127	-	190	-	5	(5,434)	46,354
Contract receivables	17,966	-	190	-	-	-	-	18,156
Pledges receivable	-	-	1,274	-	-	-	-	1,274
Prepaid expenses and other	9,856	15	75	12	-	68	-	10,026
Total current assets	96,307	2,642	3,592	1,325	762	3,576	(5,434)	102,770
Long-Term Investments	141,398	-	9,810	3,086	-	-	(37,825)	116,469
Property and Equipment	80,076	1,773	-	-	-	-	-	81,849
Deferred Compensation Funds	4,431	-	-	-	-	-	-	4,431
Long-Term Pledges Receivable	-	-	2,099	-	-	-	-	2,099
Other Assets	2,705	12	-	-	20	-	-	2,737
Total assets	$ 324,917	$ 4,427	$ 15,501	$ 4,411	$ 782	$ 3,576	$ (43,259)	$ 310,355
Liabilities and Net Assets								
Current Liabilities								
Accounts payable	$ 12,700	$ 144	$ 116	$ 1,179	$ -	$ 88	$ (1,192)	$ 13,035
Accrued expenses	32,297	899	1,675	3,132	35	170	(4,242)	33,966
Accrued compensation and benefits	34,082	396	833	-	-	123	-	35,434
Current maturities of long-term debt	-	-	-	-	70	-	-	70
Current maturities of long-term capital lease	3,863	-	-	-	-	-	-	3,863
Refundable advances and deferred revenue	2,500	-	-	-	-	-	-	2,500
Total current liabilities	85,442	1,439	2,624	4,311	105	381	(5,434)	88,868
Deferred Compensation Payable	5,720	-	-	-	-	-	-	5,720
Long-Term Debt	-	-	-	-	128	-	-	128
Long-Term Capital Lease	36,966	-	-	-	-	-	-	36,966
Total liabilities	128,128	1,439	2,624	4,311	233	381	(5,434)	131,682
Net Assets	196,789	2,988	12,877	100	549	3,195	(37,825)	178,673
Total liabilities and net assets	$ 324,917	$ 4,427	$ 15,501	$ 4,411	$ 782	$ 3,576	$ (43,259)	$ 310,355

National Marrow Donor Program and Subsidiaries

Consolidating Schedule of Activities Information
Year Ended September 30, 2023
(In Thousands)

	NMDP	BTMCS	BTMF	CLEAR	BTMAS	BTMM	Eliminations	Consolidated
Revenues and Gains								
Search and procurement fees	$ 487,136	$ 1,836	$ -	$ -	$ -	$ -	$ (2,558)	$ 486,414
Federal contracts and cooperative agreements	55,427							55,427
Contributions	23,937		20,233	-	-	1,070	(9,966)	35,274
Other	656	6	-	2,560	-	-	(3,086)	136
Total revenues and gains	567,156	1,842	20,233	2,560	-	1,070	(15,610)	577,251
Expenses								
Program services	$ 465,573	$ 4,195	$ 16,906	$ 1,328	$ -	$ 3,280	$ (11,807)	479,475
Management and general	97,690	46	1,030	1,232	348	2,710	(3,567)	99,489
Fundraising	4,297	1	2,246	-	-	238	(236)	6,546
Total expenses	567,560	4,242	20,182	2,560	348	6,228	(15,610)	585,510
Excess (deficiency) of revenues and gains over expenses	(404)	(2,400)	51	-	(348)	(5,158)	-	(8,259)
Other Income (Expenses) and Other Changes								
Gain/(Loss) on disposal of asset	54	(28)	-	-	-	-	-	26
Investment return, net	17,865	-	1,108	205	-	-	-	19,178
Total other income and expenses	17,919	(28)	1,108	205	-	-	-	19,204
Increase (decrease) in net assets before transfers to subsidiaries	17,515	(2,428)	1,159	205	(348)	(5,158)	-	10,945
Transfer to subsidiaries	-	2,000	-	-	-	2,194	(4,194)	-
Increase (decrease) in net assets before cumulative effect of adoption of accounting standard	17,515	(428)	1,159	205	(348)	(2,964)	(4,194)	10,945
Cumulative Effect of Adoption of ASU No. 2016-02	117	-	-	-	-	-	-	117
Increase (decrease) in net assets	17,632	(428)	1,159	205	(348)	(2,964)	(4,194)	11,062
Net Assets, Beginning	196,789	2,988	12,877	100	549	3,195	(37,825)	178,673
Net Assets, Ending	$ 214,421	$ 2,560	$ 14,036	$ 305	$ 201	$ 231	$ (42,019)	$ 189,735

National Marrow Donor Program and Subsidiaries

Consolidating Schedule of Activities Information
Year Ended September 30, 2022
(In Thousands)

	NMDP	BTMCS	BTMF	CLEAR	BTMAS	BTMM	Eliminations	Consolidated
Revenues and Gains								
Search and procurement fees	$ 413,598	$ 1,322	$ -	$ -	$ -	$ -	$ (1,560)	$ 413,360
Federal contracts and cooperative agreements	57,909	-	-	-	-	-	-	57,909
Contributions	23,045	-	14,173	-	-	1,157	(6,072)	32,303
Other	1,714	2	-	1,687	-	-	(2,440)	963
Total revenues and gains	496,266	1,324	14,173	1,687	-	1,157	(10,072)	504,535
Expenses								
Program services	409,823	4,020	16,844	673	-	3,786	(9,562)	425,584
Management and general	93,883	77	1,034	1,918	375	1,348	(342)	98,293
Fundraising	-	-	1,543	-	-	147	(168)	1,522
Total expenses	503,706	4,097	19,421	2,591	375	5,281	(10,072)	525,399
Excess (deficiency) of revenues and gains over expenses	(7,440)	(2,773)	(5,248)	(904)	(375)	(4,124)	-	(20,864)
Other Income (Expenses) and Other Changes								
Loss on disposal of asset	(634)	(44)	-	-	-	-	-	(678)
Investment return, net	(32,122)	-	(2,160)	(343)	-	-	-	(34,625)
Total other income and expenses	(32,756)	(44)	(2,160)	(343)	-	-	-	(35,303)
Increase (decrease) in net assets before transfers to subsidiaries	(40,196)	(2,817)	(7,408)	(1,247)	(375)	(4,124)	-	(56,167)
Transfer to subsidiaries	-	3,000	-	1,164	600	6,941	(11,705)	-
Increase (decrease) in net assets	(40,196)	183	(7,408)	(83)	225	2,817	(11,705)	(56,167)
Net Assets, Beginning	236,985	2,805	20,285	183	324	378	(26,120)	234,840
Net Assets, Ending	$ 196,789	$ 2,988	$ 12,877	$ 100	$ 549	$ 3,195	$ (37,825)	$ 178,673