cohesion
ERIK FIELDS sports his United Blood Services “California Donor” sweatshirt as he makes a jump near Lake Wales, Florida to take part in the canopy formation featured on the cover. Erik first donated blood 35 years ago to be of service to his community. “Kelly, Ricardo, Pauline and Liz are the crew that have taken outstanding care of me over the years at the Santa Barbara center,” he says of his regular platelet appointments. (Photos this page and front cover by Michael “Chico” Tomaselli.)
For many in blood banking, the past few years have felt like jumping out of an airplane. The winds of healthcare change buffet us and threaten to blow us off course, but with strong strategies and teams, we come together (like the canopy-relative formation jumpers on our cover) to reach our targets.

This has been a year of coming together; of cohesion, for Blood Systems®. We welcomed two leading blood centers to our organization: Bonfils Blood Center, headquartered in Denver; and LifeStream, based near Los Angeles. We began to change the structure of our United Blood Services operations to concentrate expertise and capacity to prepare for growth.

That’s right. Growth.

That strategy might raise eyebrows, given the losses we’ve sustained the past two years, the continuing decline in blood usage and the downward pressure on blood service fees as hospitals adjust to decreased reimbursement. But we see an opportunity to bring more blood centers together and to extend extraordinary service and expertise to even more hospitals. Blood Systems has been preparing for this moment since we were founded in 1943.

One of the first community-based blood centers, Blood Systems was, in the 1950s, the nation’s first community center to establish a multi-state network of disparate centers, united under one mission.

In the 1980s, we built a reagent and derivative distribution service to fill a specific need for hospitals in areas where these products were difficult to obtain. That service, now called BioCARE, has become a leading distributor of plasma-derived therapeutics.

As donor testing grew in complexity and cost in the 1990s, Blood Systems built a high-volume laboratory near Phoenix. Creative Testing Solutions has secured other blood center partners and now tests a significant portion of the U.S. blood supply in multiple strategic hubs.

In the early 2000s, Blood Systems earmarked a percentage of income for pure scientific and translational research and has begun developing a multi-disciplinary research consortium to enhance donor and patient care. In that same time period, we sought and welcomed like-minded blood centers that bring individual strengths and expertise to more fully round out our strategic abilities.

As we have throughout our history, Blood Systems is taking bold steps to fulfill our mission to make a difference for the patients and blood donors who depend on us.

Armando B. Flores  
Chairman

J. Daniel Connor  
President & CEO
Bonfils Blood Center

Bonfils Blood Center affiliated with Blood Systems in January 2014. Established in 1943, the Denver-based blood center collects 145,000 blood donations annually to serve some 200 healthcare facilities in Colorado. With the affiliation, both Blood Systems and Bonfils Blood Center have realized improved cost effectiveness of our services, including resource sharing and various support services.

LifeStream

LifeStream and Blood Systems were neighbors in Southern California, both serving Los Angeles hospitals and even managing a blood center together (Desert Blood Services near Palm Springs). The affiliation between the two became official in July 2014 and builds on their good relationship and the strengths of each organization. LifeStream serves more than 80 Southern California hospitals.
As the national landscape for blood operations continued to evolve toward lower transfusion rates and increasingly regional and national decision making for hospital blood acquisition, the Blood Centers Division (BCD) continued to focus on providing exemplary service to donors and patients while pursuing a determined agenda of service area growth, cost reduction and aligning systems to meet future need.

Building upon regulatory and manufacturing expertise within the BCD, Blood Systems initiated a collaborative project with Blood Systems Research Institute and other industry leaders to test and expand availability of a dramatic new cellular therapy approach to the treatment of heart disease, cancer and other illnesses.

The BCD began a major reorganization of its United Blood Services® operating structure according to principles laid out in its Supply Chain Optimization and Performance Excellence (SCOPE) initiative. Following the priorities of maintaining close local connections for donor management and the need to be responsive to hospitals’ growing integrated delivery networks, the new SCOPE model blends regional oversight for sourcing activities with system level functionality. The BCD commissioned a similar analysis in late 2014 to include evaluation of affiliate blood center operations in early 2015.

United Blood Services also completed conversion to a new operating system that enhanced the BCD’s ability to operate in an efficient manner on an increasingly larger scale and positioned us for aligning our service area with emerging opportunities.

Division Highlights

• Began implementation of SCOPE reorganization in United Blood Services and analysis for possible affiliate SCOPE integration
• Appointed a new division president, David Green, a longtime leader in blood banking
• Red blood cell net collections totaled 1,033,371; platelets 192,709
• Introduced type-specific donor recruitment practices to match blood supply with customer needs
• Continued building the relationship with HemeXcel™, our group purchasing organization
• Completed affiliations with Bonfils Blood Center and LifeStream
• Finalized a relationship agreement with LifeShare Community Blood Services in Ohio
• Signed letter of intent for relationship with Community Blood Services in New Jersey
• Implemented real-time HLA antibody testing to further reduce the rate of rare, but serious, reactions after platelet transfusion
hope
Interest in consignment for plasma-derived biological products continues to grow and BioCARE™ continued to extend its leadership position within the acute care consignment market in 2014 as it built new business and grew revenue from existing contracts. BioCARE was awarded the Premier consignment contract for the third cycle in a row, allowing the division to protect and grow the $55 million in revenue achieved with Premier in 2013.

BioCARE garnered national attention when Baxter awarded an exclusive distribution contract for its new product Obizur™ in late 2014. BioCARE’s expertise with coagulation factors and ability to meet round-the-clock emergency ordering requirements helped earned the contract to distribute the product developed for the treatment of bleeding episodes in adults with acquired hemophilia A (AHA), a very rare and potentially life-threatening acute bleeding disorder.

Also in 2014, BioCARE continued work to enhance its electronic capabilities to satisfy increasing contract requirements and customer demand in the areas of purchasing, invoicing and ordering; pedigree tracking and tracing for any product purchased from BioCARE; online store functionality; and reporting.

Meanwhile, BioCARE’s specialty pharmacy, CanyonCARE Rx®, continued to serve established customers with a full array of bleeding disorder treatment products and expert pharmacist consultation. CanyonCARE Rx increased its revenue to $5.12 million in 2014 from $3.48 million in 2013.

**Division Highlights**

- Awarded exclusive distribution contract to distribute new Baxter product Obizur
- Secured renewal of Premier consignment contract
- Continued cultivation of new GPO contract awards; at least three new contracts anticipated for early 2015
- Grew CanyonCARE Rx orders by 13 percent, and revenue by 32 percent, compared to prior year
- Earned net margin of $4.1 million on revenue of $205.3 million

**Mia was born** with Diamond Blackfan Anemia, a rare disorder that prevents bone marrow from producing red blood cells. Since infancy, she has depended upon monthly red cell transfusions—115 so far—to live a normal life. “Words cannot express my thankfulness to blood donors,” Mia’s mom, Kristi, says. “If I could, I would hug each one of them and let them know how much they mean to Mia and our family.”
purpose
Formally created in 2004, Blood Systems Research Institute® (BSRI) moved into its second decade in its mission to improve transfusion quality and outcomes worldwide. In spite of extraordinary funding challenges facing the U.S. research infrastructure, BSRI has continued to thrive, with increased productivity in the face of flat-to-declining extramural funding. BSRI scientists achieved a new high water mark in publishing in 2014, with 111 peer-reviewed manuscripts accepted for publication. Findings reported in these documents spanned a wide variety of transfusion-related areas, as detailed below.

Division Highlights

- Led research on 62 different projects funded by the NIH, the U.S. Department of Defense, the Bill & Melinda Gates Foundation, and such private industry partners as Novartis and Terumo BCT
- Presented findings of risk factor and compliance studies on donation deferral of men who have sex with men (MSM) at the Advisory Committee on Blood and Tissue Safety and Availability, informing the FDA’s decision to change the MSM deferral guidance
- Measured the magnitude of decreased blood utilization and showed no difference in mortality after implementation of a blood conservation policy
- Continued studies to measure potential adverse effects of red blood cell storage
- Developed new assays to track immune and antiviral responses for emerging viruses such as chikungunya virus, Ebola virus, and MERS-CoV
- Continued collaborative efforts to optimize production of mesenchymal stromal cells, a promising new cellular therapy, to support patients in clinical trials
- Published new research on sub-cellular particles found in blood, furthering our knowledge of what really is in the blood products we produce

Kellie was on a camping trip when a small bug bite on her knee became infected. After blood tests showed dangerously high white blood cell counts, Kellie was diagnosed with Acute Myelogenous Leukemia (AML). She went on to receive 131 lifesaving transfusions in her fight against AML. In 2014, Kellie met her personal goal to recruit 1,000 blood donors. “There are people out there who care about giving life to another person,” Kellie says. “There is good in the world.”
As the largest independent blood donor testing laboratory organization in the United States, Creative Testing Solutions® (CTS) tested approximately 5 million donor samples in 2014 at five high volume facilities located in Chicago, Dallas, Phoenix, Seattle and Tampa.

In 2014, CTS embraced a company-wide operational excellence initiative designed to change the culture to enhance operations and the service CTS provides to its healthcare partners. As a result of this initiative, CTS teams significantly improved performance in reporting test results on time and increased efficiency by more than 10 percent.

CTS provided exceptional customized service to each healthcare partner through such value-added services as high volume Rh and Kell testing, donor notification and counseling services.

On the new test development front, CTS continued its leadership role in furthering the development of a cost-effective test for *Babesia microti* through its partnership with Immunetics.

**Division Highlights**

- Maintained impeccable AABB, EU and FDA compliance records
- Received exceptional rating on annual client survey
- Extended 10 existing healthcare partner agreements
- Established and enrolled three individuals in an advanced leadership program
- Ensured that 100 percent of CTS employees had an individual development plan
- Continued test development for *Babesia microti*
- Completed the Roche cobas® 8800 system clinical trail
- Completed four Kaizen events to streamline processes

**Twins Joshua & Jordan** were born with the most severe form of Sickle Cell Disease. They suffered excruciating pain and required more than 100 blood transfusions. In 2012, each received a bone marrow transplant from another brother, Jonathan. Today, both Joshua and Jordan are considered cured of Sickle Cell Disease and are preparing to graduate from high school. “It is so important for minorities to become regular blood donors,” their mother, Kristine, said. “The closer the match is for the patient, the lower the risk for reactions and long-term complications. I’m grateful for the blood donors who have saved my sons’ lives over and over.”
Service Areas

Map Key

- Regional Blood Centers
- Blood Centers of the Pacific
- Bonfils Blood Center
- Inland Northwest Blood Center
- LifeStream
- United Blood Services
- Depots (distribution only)

- CTS Laboratories
- Research
- BioCARE
- States We Serve

connected
As one of the nation’s oldest and largest non-profit blood service providers, Blood Systems’ strength, size, scope, reputation and experience position us for success as the future of healthcare continues to unfold.

Hospitals and healthcare systems count on us for exemplary responsiveness and transfusion management expertise across a varied geographic footprint. We offer a comprehensive package of tools and a unique partnership approach to help hospitals implement evidence-based strategies that improve patient safety and outcomes, reduce costs and demonstrate quality conformance.

Much like hospitals, the nation’s blood centers are considering consolidation, cooperation, affiliation and other unique ways of working together to fulfill their missions. Working with Blood Systems offers regulatory compliance excellence, world-class quality support, reliable donor testing, effective risk management, valuable shared services and economies of scale across multiple regions.

Blood Systems’ success is driven by our people, who are adept at anticipating challenges and opportunities, developing solutions and delivering results. Recognized as an outstanding employer, Blood Systems attracts highly skilled and dedicated professionals who want to develop their careers in a mission-driven culture of accountability and opportunity.


Blood Systems Organization 2014

- **Creative Testing Solutions**
  - (co-owned with OneBlood, ITxM and Bloodworks)

- **BioCARE**

- **Blood Centers Division**

- **Blood Centers of the Pacific**
  - (affiliate)

- **Inland Northwest Blood Center**
  - (affiliate)

- **Bonfils Blood Center**
  - (affiliate)

- **Blood Systems**
  - A 501(c)(3) nonprofit organization

- **Medical, Administrative & Support Services**

- **Canyon State Insurance**
  - (wholly owned subsidiary)

- **Blood Systems Research Institute**

- **United Blood Services**

- **Lifecomm (affiliate)**
leadership

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President and  
Chief Executive Officer  

David R. Green  
President  
Blood Centers Division  

Sally Caglioti  
President  
Creative Testing Solutions  

Linda Matthews  
President  
BioCARE  

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Executive Vice President  
Chief Financial Officer  

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Executive Vice President  
Chief Quality Officer  

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### Results of Operations

- **Blood component service fees**: $363,780, $323,273, $357,809
- **Laboratory testing services**: 196,134, 208,407, 195,465
- **Sale of pharmaceutical products**: 205,510, 174,091, 156,558
- **Other services and income**: 43,677, 37,256, 25,553

**Total Revenues**:
- 2014: $809,101
- 2013: $743,027
- 2012: $735,385

### Financial Position

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td>Cash and short-term investments</td>
<td>$276,433</td>
<td>$204,813</td>
<td>$196,760</td>
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<td>Accounts receivable</td>
<td>113,953</td>
<td>104,321</td>
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<td>Inventories</td>
<td>71,573</td>
<td>54,449</td>
<td>45,716</td>
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<td>Other current assets</td>
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<td>5,640</td>
<td>5,788</td>
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<tr>
<td>Long-term investments and restricted assets</td>
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<td>46,284</td>
<td>38,897</td>
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<tr>
<td>Property and equipment (net of depreciation)</td>
<td>138,869</td>
<td>114,758</td>
<td>109,144</td>
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<tr>
<td>Deposits and deferred financing costs</td>
<td>12,595</td>
<td>21,061</td>
<td>14,533</td>
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</tbody>
</table>

**Total Assets**:
- 2014: $653,652
- 2013: $551,326
- 2012: $501,280

### Financial Results

- **Net Income from Operations**: (3,976), (10,930), 16,440

**Total Liabilities**:
- 2014: $251,055
- 2013: $171,684
- 2012: $186,933

**Net Assets**:
- 2014: $402,597
- 2013: $379,642
- 2012: $314,347

**Total Liabilities and Net Assets**:
- 2014: $653,652
- 2013: $551,326
- 2012: $501,280

Financial results include Blood Systems and affiliates. Blood Systems is a 501 (c)(3) nonprofit, tax-exempt, charitable organization. The financial statements of Blood Systems and its affiliates have been audited by Grant Thornton LLP.

### Charts

- **BCD: Red Cells Collected & Distributed 2012-2014**
- **CTS: Donor Panels Tested 2012-2014**
Bringing communities together to promote blood donation and transfusion medicine is at the heart of what we do. Whether it is a community blood drive to show support for a local child in the hospital or the “Tour de Hero” bike ride that brings together blood donors and transfusion recipients for a day of fun on wheels, our mission to save lives is always at the forefront.