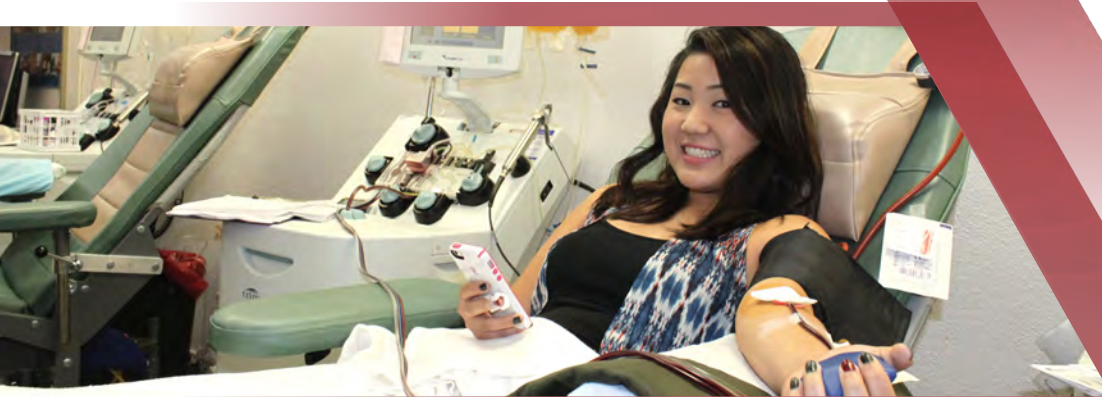




Blood Bank of Hawaii








C H A N G E I N M O T I O N

Annual Report FY2014

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VITAL STATISTICS

	Red Blood Cells	Platelets
 Donors	21,670	794
 Collections	48,943	8,231
 <ul style="list-style-type: none">• Dillingham HQ• Young Street	31%	100%
 <ul style="list-style-type: none">• Mobiles	56%	-
 Distribution	48,215	8,308



CHANGE BRINGS OPPORTUNITY

Lori L. McCarney
2014 Chair, Board of Trustees

Change is a catalyst that can bring people together and create opportunity.

Change is upon us with the construction of Rail on the immediate frontage of Blood Bank of Hawaii (BBH) headquarters. This project is bigger than BBH, thereby requiring government leadership collaboration and community engagement to find solutions that sustain the vital resource BBH provides. Facing the disruption of our blood collection and operations, BBH views this as an opportunity to engage the community, be innovative and improve the donor experience.

With anticipated restricted access, traffic delays and donor inconvenience, BBH is relocating its Dillingham blood collection operations, which collects 31% of whole blood and 100% of platelets for the State's blood supply. To compensate for the forecasted loss of blood donations, Lifesaver Clubs and donors on Oahu and Neighbor Islands are answering the call and pledging their support.

Renovating the Young Street Donor Center to increase collection capacity and adding more mobile drives will give blood donors more options to continue their legacy of saving lives. In addition, BBH is developing a new concept, called "Virtual Donor Centers." These will give organizations an opportunity to "own" and brand regularly scheduled donation sites with consistent hours and convenient locations for donors.

"One thing about championship teams is that they're resilient. No matter what is thrown at them, no matter how deep the hole, they find a way to bounce back and overcome adversity."

– Nick Saban, national championship football coach

Managing this type of change along with running a complex organization takes many hands. The BBH Board of Trustees takes the stewardship of the blood supply very seriously. They are very active in providing strategic insight, experience and support to navigate through the challenges. In times like these, more than ever, the Board works closely with the BBH management team.

Alongside BBH employees are community businesses, organizations, churches, schools and volunteers who partner together to make sure Hawaii's blood donation program continues to thrive within change. With such a dedicated team and committed community, BBH is fortified to face change and continue to save lives without missing a beat.

Although change may not always be a choice, BBH shows that with the right team, community and governmental support and an altruistic spirit, change can certainly be a chance to improve. Together we will realize a future with BBH as an important part of the bedrock of Hawaii's healthcare infrastructure as it has been for more than seven decades.

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2014 BLOOD BANK REAL PROPERTIES (BBRP)

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Russell K. Okata



Kim-Anh Nguyen, MD, PhD
President and CEO

CHANGE IN MOTION

Change is constant. Sometimes imposed and other times initiated. It is not change itself that defines a company but rather how change is handled.

A tremendous amount of resources and intense focus on solutions are needed to navigate change. With a strong Board of Trustees and a team of experienced blood center professionals, BBH had the right team in place to fulfill our mission of providing the State of Hawaii with a safe and reliable blood supply despite being faced with big change in FY2014.

Imposed Change

The blood banking industry continues to be intensely competitive nationwide with more mergers and acquisitions of blood centers. Hospitals continue to assess operations and explore ways to safely reduce blood transfusions without compromising patient care. This contributes to blood utilization decline throughout the country. Hawaii is following the trends; however,

the decline was at a slower pace than originally forecasted.

To remain competitive, BBH was agile and adapted to the dynamic and shifting needs of our hospital partners and the community. We increased revenues by focusing on more specialized components and reduced expenses by streamlining operational processes and improving efficiency. BBH ended FY2014 at \$1.98 million compared to the break even budget.

BBH was doing well despite the challenging business climate. Then came the announcement by Honolulu Authority for Rapid Transportation (HART) of rail construction and the intention to acquire a strip of BBH headquarters' property on Dillingham Boulevard.

Very quickly management engaged outside expert consultation to determine the negative impact of the protracted duration and to assist with the master facilities planning process. Permanent access restriction and traffic pattern changes impact

donors, blood receipt and delivery. Disruption of data connectivity jeopardizes blood processing and operations. All options were evaluated including mitigation, renovation and relocation as we developed a proactive strategic response plan.

The first steps in shoring up the blood supply are to renovate Young Street Donor Center to maximize collection capacity, relocate blood collection operations from Dillingham and expand mobile operations on Oahu and Neighbor Islands. This strategic approach to imposed change ensures donors have convenient locations and hours to continue their legacy of giving and BBH is able to fulfill our mission.

BBH is like no other entity on the rail line. For BBH, risking regulatory compliance and sitting idly while the State's blood supply was at risk was not acceptable. Best-selling author Denis Waitley said it best, "Change the changeable, accept the unchangeable and remove yourself from the unacceptable."



Initiated Change

With relocation in the works, the necessity of modernizing our outdated and soon unsupported blood banking computer system became a top priority with an accelerated timeline.

As the software system controls almost every critical blood center process and impacts patient safety, Food and Drug Administration (FDA) licenses and regulates it as a medical device. As such, implementing a new system is an extensive and complex project expected to span nearly three years. Launch of the new computer system is targeted for Fall 2015.

Another positive change BBH initiated was the launch of the Uniform Donor History Questionnaire (UDHQ) along with updated donor criteria to





Dynamic Circumstances

FY2014 can be summarized by change, adaptation and opportunity. Whether internally catalyzed or externally imposed, BBH's team has the capacity to navigate and implement change, embrace organizational goals/priorities and adapt to dynamic circumstances. Undoubtedly, our BBH team, in partnership with the community and support of governmental leaders, is poised to tackle the challenges of the future as we strategically plan for BBH's permanent home and integrate the growing needs of Hawaii's healthcare infrastructure.

meet the national standards of practice and open more doors for new or previously deferred donors. This historic implementation was successful due to strategically identifying, addressing and satisfying key stakeholders from the FDA to donors.

In FY2014, BBH also successfully implemented the patient-focused and revenue enhancing initiatives for automated platelets and leukoreduced red blood cells. As a by-product of these programs additional benefits realized include improved efficiencies in manufacturing, increased recovered plasma, increased volume per transfuseable dose and improved quality for our hospital partners and patients.

**"Change the changeable,
accept the unchangeable and
remove yourself from the unacceptable."**

- Denis Waitley, best-selling author

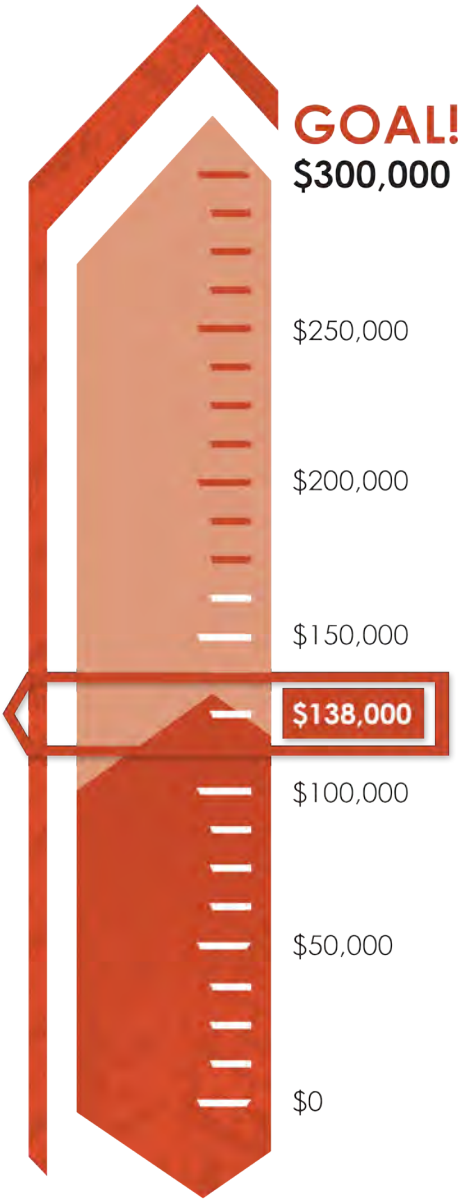


ANNUAL FINANCIAL STATEMENTS FY2014 & 2013

OPERATING REVENUES	FY2014			FY2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Blood processing fees	\$16,280,526	\$ -	\$16,280,526	\$15,855,914	\$ -	\$15,855,914
Recovered plasma	681,312	-	681,312	714,323	-	714,323
Laboratory fees	514,181	-	514,181	435,793	-	435,793
Cell therapy	132,300	-	132,300	101,350	-	101,350
Total operating revenues	17,608,319	-	17,608,319	17,107,380	-	17,107,380
COSTS AND OPERATING EXPENSES						
Blood components	11,222,715	-	11,222,715	11,636,392	-	11,636,392
Recruiting, general and administrative expenses	4,695,390	-	4,695,390	4,841,427	-	4,841,427
Total costs and operating expenses	15,918,105	-	15,918,105	16,477,819	-	16,477,819
Change in net assets from operations	1,690,214	-	1,690,214	629,561	-	629,561
OTHER CHANGES			-			
Interest and dividends	91,811	-	91,811	65,554	-	65,554
Net realized and unrealized gains on investments	142,079	-	142,079	60,934	-	60,934
Contributions	21,283	122,000	143,283	11,857	265,000	276,857
Other	31,119	-	31,119	74,012	-	74,012
Net assets released from restrictions by satisfaction of program restrictions	164,989	(164,989)	-	150,745	(150,745)	-
Total other changes	451,281	(42,989)	408,292	363,102	114,255	477,357
Change in net assets before pension liability adjustment	2,141,495	(42,989)	2,098,506	992,663	114,255	1,106,918
PENSION LIABILITY ADJUSTMENT	(590,492)	-	(590,492)	1,371,164	-	1,371,164
CHANGE IN NET ASSETS	1,551,003	(42,989)	1,508,014	2,363,827	114,255	2,478,082
YEAR END NET ASSETS	\$16,180,358	\$71,266	\$16,251,624	\$14,629,355	\$114,255	\$14,743,610

INCREASED MOBILITY

As BBH relocates its primary donor center due to the rail project, the need for additional mobile locations has become increasingly important to the State’s blood supply. We rely heavily on bloodmobiles to collect blood from donors across Oahu who would not donate otherwise. Last fiscal year, we added one new bloodmobile to our fleet and are in the process of purchasing another. This wouldn’t be possible without the support of many organizations and individuals. Special thanks to all our donors.



MAJOR DONORS

- A&B Foundation
- Ai Foundation
- Hawaiian Electric
- The Harry & Jeanette Weinberg Foundation, Inc.

ADDITIONAL DONORS

- | | |
|--|------------------------------|
| \$5,000 | Sandra Martin |
| Joy Kobayashi | Glenn Oyama |
| | Rachael Tengan |
| | Lori Watanabe |
| | IBM Employee Services Center |
| \$1,000-4,999 | |
| In Memory of Stanley Komata | |
| The Cades Foundation Non-Profit Leadership | |
| Hawaii Community Foundation | |
| “Walk the Talk” | |
| Monsantogether | |
| \$250-499 | |
| Margaret Bennett | |
| Chevron Humankind Employee Engagement Fund | |
| \$100-249 | |
| In Memory of James Britten | |
| Grace Cheng | |
| Patrick Duarte | |
| Geraldine Kotake | |
- | |
|--------------------------------|
| Under \$100 |
| Betty Castro |
| In Memory of Alan Chase |
| Dianne Cook |
| Desmond Kotake |
| John Dudley Field |
| Alma Ikeda |
| Dora Mori |
| Benevity Community Impact Fund |
| Network for Good |

Lifesaver CLUB



LIFESAVER CLUBS

Lifesaver Clubs (LSC) are companies and organizations which host, sponsor and recruit for blood drives to help meet the blood needs of Hawaii's hospitals. Whether big or small, they make a lasting impact in patients' lives every day. LSC contribute 57% of the state's blood supply and BBH

can't thank enough those who donate their time and energy recruiting and inspiring others to give. These special groups have committed to host at least one blood drive a year and often go above and beyond to exceed their goals.

Acura of Honolulu
Akaka Falls Lions Club
Alii Place
ALTRES
American Savings Bank, F.S.B.
Bank of Hawaii
BMW of Honolulu
BYU Hawaii
C4 Christ Centered
Community Church
Calvary Chapel of Honolulu
at Komo Mai
Castle Medical Center
Catholic Charities Hawaii
Central Pacific Bank
Chaminade University
of Honolulu
Church of the Holy Cross
City & County of Honolulu
County of Hawaii
Courtyard by Marriott Kauai
Dr. K.B. Chun & Sons
First Hawaiian Bank
First Presbyterian Church of
Honolulu at Koolau
GEICO Insurance
Grand Hyatt Kauai
Halekulani Hotel
Hawaii Independent Energy
Hawaii Job Corps
Hawaii Medical Service
Association
Hawaii Pacific Health
Hawaii Pacific University

Hawaii State Teachers
Association
Hawaii USA Federal Credit Union
Hawaiian Electric Company, Inc.
Hawaiian Telcom Main
Heald College
HiEmployment
Hilton Waikoloa Village
Holy Family Catholic Academy
Honolulu Fire Department
Honolulu Police Department
Honpa Hongwanji Hawaii Betsuin
Hope Chapel Kaneohe Bay
Hope World Wide
Independent Order of
Oddfellows
Inspire Church
Kailua Community Church
Kailua United Methodist Church
Kaimuki Christian Church
Kaiser Permanente
Kaneohe Yacht Club
Kapilina Beach Homes
Kuakini Health System
Kualoa Ranch
Matson Navigation
Mercy International
Miss Hawaii 2013 Crystal Lee
Moanalua Gardens
Missionary Church
Monsanto Company
New Hope
Oahu Transit Services, Inc.
(TheBus)

Oceanic Time Warner Cable
Ono Construction
Pacific Beach Hotel
Prudential Locations
Resurrection of the Lord
Catholic Church
Rotary Club
Servco Pacific, Inc.
Shriners Hospitals for Children
Simplex Grinnell
Solid Rock Ministries
St. John Vianney Parish
St. Joseph Church
Starwood Hotels & Resorts
State of Hawaii
The Bridge Church of
the Nazarene
The Church of Jesus Christ of
Latter-Day Saints
The Queen's Health Systems
Tony Group Autoplex
University of Hawaii Systems
Wahiawa General Hospital
Waianae Coast Comprehensive
Health Center
Waikiki Beach Marriott
Waterfront Plaza
Wilson Okamoto
Youth Challenge Academy



HIGH SCHOOL LIFESAVER CLUBS

Statistics show that people who start donating in high school are more likely to continue giving throughout their lives. In 2014, nearly 40 high schools played a vital role in saving lives. Together they hosted 83 blood drives during the academic year, bringing in 8% of the State's blood supply with 4,083 units collected.

Aiea High School
Campbell High School
Castle High School
H. P. Baldwin High School
Hawaii Baptist Academy
Hilo High School
Iolani School
Island Pacific Academy
Kahuku High School
Kailua High School
Kaimuki High School
Kalaheo High School
Kalani High School
Kamehameha Schools -
Hawaii Campus

Kamehameha Schools -
Kapalama Campus
Kamehameha Schools -
Maui Campus
Kapaa High School
Kapolei High School
King Kekaulike High School
Konawaena High School
Le Jardin Academy
Leilehua High School
Maryknoll High School
McKinley High School
Mid-Pacific Institute
Mililani High School
Moanalua High School

Nanakuli High & Intermediate
School
Pearl City High School
Punahou School
Radford High School
Roosevelt High School
Sacred Hearts Academy
Saint Louis School
Waiakea High School
Waialua High & Intermediate
School
Waianae High School
Waimea High School
Waipahu High School

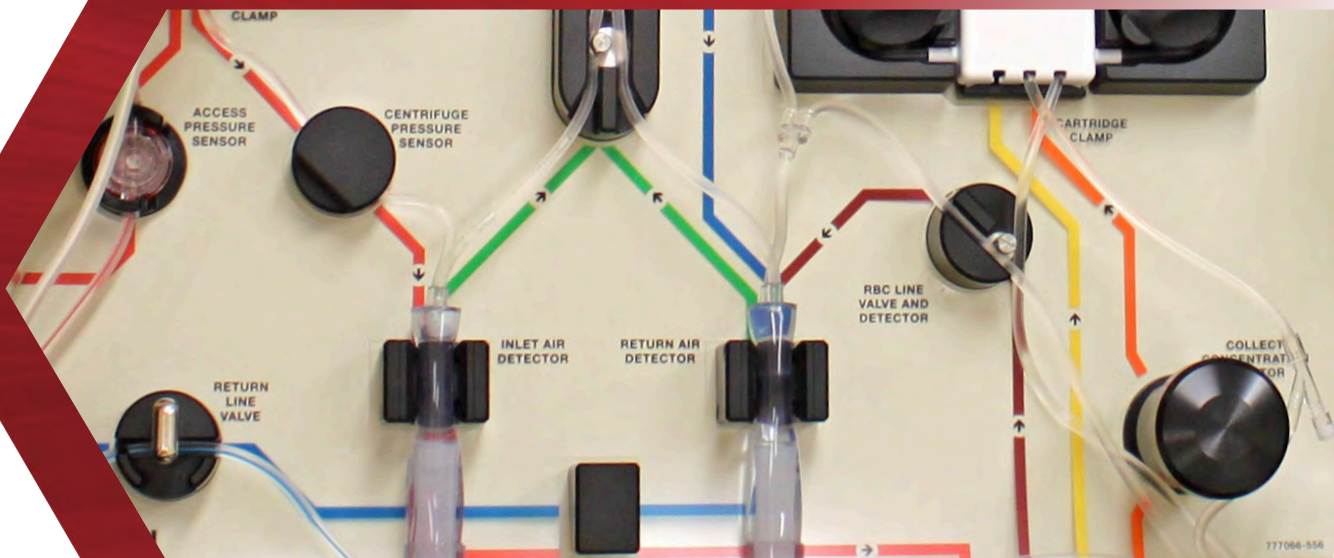
MAHALO TO OUR COMMUNITY SUPPORTERS

BBH would not be able to meet the needs of Hawaii's patients without community support. Whether it's providing cost-free locations for blood drives or donating resources, promotional support and services, our community supporters play a key role in saving lives.

AIPA Properties, LLC
American Assets Trust
Aunty Sally Kaleohano's Luau Hale
Bubbies
Castle & Cooke, Inc.
Cathedral of Our Lady of Peace
CBRE Group, Inc.
Choice Mart
Church of the Holy Cross
Colliers Monroe Friedlander, Inc.
Douglas Emmett, Inc.
Hale Mahaolu
Hawaii News Now
Hawaii Pastors Roundtable
Hawaii Reserves, Inc.

Hawaiian Airlines
Hawaii State Teachers Association
Retirees
Honpa Hongwanji Hilo Betsuin
Hui Okinawa
Ichiriki
Kalihi Business Association
Kaunoa Senior Center
Kihei Community Center
Kiwanis Clubs
Lions Clubs
Makai Magazine
Miss Hawaii 2013 Crystal Lee
MMI Realty Services, Inc.
Pacific Office Properties Trust, Inc.

Pearl Harbor Naval Shipyard
PM Realty Group
Puna Hongwanji Mission
Ranch Management Limited
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Program (RSVP)
Sofos Realty
The Church of Jesus Christ of
Latter-Day Saints
The Groove



Blood Bank of Hawaii

2043 Dillingham Boulevard, Honolulu, Hawaii 96819-4024

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