AORN, INC. AND SUBSIDIARIES

Combined Statements of Financial Position (Audited)

		December 31,				
		2019		2018		
Assets	•					
Current assets						
Cash and cash equivalents	\$	7,642,634	\$	6,806,497		
Accounts receivable, net of allowance for doubtful accounts						
of \$128,367 (2018) and \$104,200 (2017)		2,648,883		2,374,360		
Promises to give - current portion		636,001		913,050		
Inventory		10,602		40,458		
Prepaid expenses and deposits		2,329,995		2,317,418		
Equity method investment		, ,		, ,		
Note Receivable		-		133,333		
Total current assets		13,268,115		12,585,116		
Property and equipment, net		5,514,755		5,527,372		
Work in progress		408,090		689,682		
Note receivable, non-current portion		+00,030		33,331		
Long-term prepaid expense, deposits and other		392,245		340,895		
Investments		12,512,656		10,299,834		
Promises to give - non-current portion		15,000		40,000		
Intangible Assets		1,601,601		1,716,000		
Goodwill, Net						
Goodwiii, Net		3,845,404		3,845,404		
Total Assets	\$	37,557,866	\$	35,077,634		
Liabilities and N	let Assets					
Current Liabilities						
Accounts payable and accrued liabilities	\$	4,091,910	\$	3,883,440		
Scholarships payable		158,976		118,571		
Line of credit		-		-		
Total current liabilities before deferred income		4,250,886		4,002,011		
Deferred income		11,534,070		13,672,435		
Total current liabilities		15,784,956		17,674,446		
Non-current Liabilities						
Other long-term obligations		13,612		410,074		
Deferred Income		10,012		300,000		
Total liabilities		15,798,568		18,384,520		
i otal nashiites		13,790,300		10,304,320		
Net assets		46 455 5		46		
Without donor restriction		19,163,014		13,978,523		
With donor restrictions		2,596,284		2,714,591		
Total net assets		21,759,298		16,693,114		
Total liabilities and net assets	\$	37,557,866	\$	35,077,634		

AORN, INC. AND SUBSIDIARIES

Combined Statements of Activities (Audited)

For the Years	Ended
December	31

Revenue 2019 2018 Membership \$ 5,300,274 \$ 4,626,154 Synlegrity 1,791,937 1,424,292 Annual Surgical Conference & Expo, includes Pfiedler 10,034,953 9,063,706 Education products, includes Pfiedler 9,990,372 4,115,494 Books 2,716,894 2,232,954 Leasing 482,541 520,200 Periodicals 18,0200 245,125 Center for Nursing Leadership 39,272 62,265 Cutpatient surgery division 4,058,428 3,134,296 Contributions, sponsorships and special events, net 1,621,236 2,371,771 Other 7 total revenue 37,525,933 34,515,443 Expense Membership 2,746,471 2,858,289 Syntegrity 1,116,634 914,787 Annual Surgical Conference & Expo, includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 5,512,198 35,364,841 Books 2,042,080 1,802,103 Leasing 565,134 93,777,192 <			December 31,		
Membership \$ 5,300,274 \$ 4,826,154 Syntegrity 1,791,937 1,424,292 Annual Surgical Conference & Expo, includes Pfiedler 10,034,953 9,083,706 Education products, includes Pfiedler 9,990,372 9,419,549 Books 2,716,894 2,328,954 Leasing 482,541 520,200 Periodicals 1,309,826 1319,131 Market Research 180,200 245,125 Center for Nursing Leadership 39,272 62,265 Contributions, sponsorships and special events, net 1,621,236 2,371,771 Other 37,525,933 34,515,443 Expense 8 2,746,471 2,858,289 Membership 2,746,471 2,858,289 Synlegrity 1,116,634 914,787 Annual Surgical Conference & Expo, includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 5,512,198 5,354,641 Books 2,042,080 18,02,103 <tr< th=""><th></th><th></th><th>2019</th><th>2018</th><th></th></tr<>			2019	2018	
Membership \$ 5,300,274 \$ 4,826,154 Syntegrity 1,791,937 1,424,292 Annual Surgical Conference & Expo, includes Pfiedler 10,034,953 9,083,706 Education products, includes Pfiedler 9,990,372 9,419,549 Books 2,716,894 2,328,954 Leasing 482,541 520,200 Periodicals 1,309,826 1319,131 Market Research 180,200 245,125 Center for Nursing Leadership 39,272 62,265 Contributions, sponsorships and special events, net 1,621,236 2,371,771 Other 37,525,933 34,515,443 Expense 8 2,746,471 2,858,289 Membership 2,746,471 2,858,289 Synlegrity 1,116,634 914,787 Annual Surgical Conference & Expo, includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 5,512,198 5,354,641 Books 2,042,080 18,02,103 <tr< td=""><td>Revenue</td><td></td><td></td><td></td><td></td></tr<>	Revenue				
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Expense Membership 2,746,471 2,858,289 Syntegrity 1,116,634 914,787 Annual Surgical Conference & Expo , includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 5,512,198 5,34,641 Books 2,042,080 1,802,103 Leasing 565,134 578,394 Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865)			27 525 022	2/ 5/1	5 112
Membership 2,746,471 2,858,289 Syntegrity 1,116,634 914,787 Annual Surgical Conference & Expo , includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 5,512,198 5,354,641 Books 2,042,080 1,802,103 Leasing 565,134 578,394 Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal 3,246) - Total non-operating income 987,251 (315,865) Chan	rotal revenue		31,323,933	34,513	3,443
Syntegrity 1,116,634 914,787 Annual Surgical Conference & Expo , includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 5,512,198 5,354,641 Books 2,042,080 1,802,103 Leasing 565,134 578,394 Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 987,251 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 </td <td></td> <td></td> <td></td> <td></td> <td></td>					
Annual Surgical Conference & Expo , includes Pfiedler 4,735,915 4,577,192 Education products, includes Pfiedler 5,512,198 5,354,641 Books 2,042,080 1,802,103 Leasing 565,134 578,394 Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) </td <td>Membership</td> <td></td> <td>2,746,471</td> <td>2,858</td> <td>8,289</td>	Membership		2,746,471	2,858	8,289
Education products, includes Pfiedler 5,512,198 5,354,641 Books 2,042,080 1,802,103 Leasing 565,134 578,394 Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603	Syntegrity		1,116,634	914	4,787
Books 2,042,080 1,802,103 Leasing 565,134 578,394 Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal 3,246 Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumul	Annual Surgical Conference & Expo , includes Pfiedler		4,735,915	4,57	7,192
Leasing 565,134 578,394 Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440	Education products, includes Pfiedler		5,512,198	5,354	4,641
Periodicals 843,379 747,812 Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 1nvestment income net 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440	Books		2,042,080	1,80	2,103
Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440	Leasing		565,134	578	8,394
Market Research 120,210 173,159 Center for Nursing Leadership 704,292 713,695 Education grants and scholarships (Foundation) 598,976 720,979 Outpatient surgery division 3,883,918 2,791,278 Fundraising (Foundation) 163,824 182,630 General and administrative 13,119,346 12,016,474 Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440	Periodicals				
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General and administrative Total expenses 13,119,346 12,016,474 Change in net assets from operations 1,373,556 1,084,010 Non-operating income Investment income net Loss on asset disposal Total non-operating income 990,497 (315,865) Loss on asset disposal Total non-operating income 987,251 (315,865) Change in net assets before income taxed Income tax benefit 2,360,807 768,145 Change in net assets 2,158,744 618,603 Net assets - beginning of year Cumulative effect of ASC 606 adoption 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440 16,074,511					
Total expenses 36,152,377 33,431,433 Change in net assets from operations 1,373,556 1,084,010 Non-operating income Investment income net Loss on asset disposal Cost on asset disposal Total non-operating income 990,497 (315,865) Change in net assets before income taxed Income tax benefit 2,360,807 768,145 Change in net assets 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year Cumulative effect of ASC 606 adoption 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440 16,074,511	,				
Change in net assets from operations 1,373,556 1,084,010 Non-operating income Investment income net Loss on asset disposal Total non-operating income 990,497 (315,865) (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed Income tax benefit 2,360,807 (202,063) (149,542) 768,145 (202,063) (149,542) Change in net assets 2,158,744 618,603 618,603 Net assets - beginning of year Cumulative effect of ASC 606 adoption 16,693,114 16,074,511 16,074,511					
Non-operating income 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed Income tax benefit 2,360,807 768,145 Change in net assets (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440					.,
Investment income net 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440 2,907,440	Change in net assets from operations		1,373,556	1,084	4,010
Investment income net 990,497 (315,865) Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed 2,360,807 768,145 Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440 2,907,440	Non-operating income				
Loss on asset disposal (3,246) - Total non-operating income 987,251 (315,865) Change in net assets before income taxed Income tax benefit 2,360,807 768,145 Change in net assets (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440 16,074,511	·		990 497	(31	5 865)
Total non-operating income 987,251 (315,865) Change in net assets before income taxed Income tax benefit 2,360,807 768,145 Change in net assets (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year Cumulative effect of ASC 606 adoption 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440 16,074,511				(01.	-
Change in net assets before income taxed Income tax benefit 2,360,807 (202,063) 768,145 (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year Cumulative effect of ASC 606 adoption 16,693,114 (2,907,440) 16,074,511				(31	5 865)
Income tax benefit (202,063) (149,542) Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440	retainen operating meeme		001,201	(0.1.	<u> </u>
Change in net assets 2,158,744 618,603 Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440	Change in net assets before income taxed		2,360,807	768	8,145
Net assets - beginning of year 16,693,114 16,074,511 Cumulative effect of ASC 606 adoption 2,907,440	Income tax benefit		(202,063)	(149	9,542)
Cumulative effect of ASC 606 adoption 2,907,440	Change in net assets		2,158,744	618	8,603
Cumulative effect of ASC 606 adoption 2,907,440	Net assets - heginning of year		16 603 114	16.07	1 511
	• • •			10,072	- ,511
Net assets - end of year \$ 21,759,298 \$ 16,693,114	Outhdianive effect of AOO 000 adoption		2,301, 44 0		
	Net assets - end of year	\$	21,759,298	\$ 16,693	3,114

AORN INC. AND SUBSIDIARIES

Combined Statements of Cash Flows (Audited)

	For the Years Ended December 31,			
		2019		2018
Cash flows from operating activities Change in net assets from continuing operations	\$	2,158,744	\$	618,603
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization Provision for doubtful accounts		1,145,981 30,453		1,175,976
Investment return Contributions restricted for endowments		(990,497) (18,561)		315,865 (40,303)
Loss on sale of fixed assets Change in assets and liabilities		3,246		-
Accounts receivable, promises to give and income taxes Inventory, prepaid expenses and deposits		(2,927) (34,071)		(1,249,770) (210,387)
Accounts payable, accrued liabilities and scholarships payable Deferred income		(147,587) 469,075		688,814 1,287,785
Net Cash provided by operating activities		2,613,856		2,586,583
Cash flows from investing activities				
Purchase of property and equipment Net sales purchases of investments		(740,619) (1,222,325)		(1,673,509) 2,922,603
Cash paid for business acquisition Net cash (used in) investing activities		(1,962,944)		(3,579,000)
		(1,902,944)		(2,329,906)
Cash flows from financing activities Contributions restricted for endowments		18,561		40,303
(Payment) Borrowing on line of credit Issuanve of notes receivable		-		-
Colletion of notes receivable Net Cash provided by financing activities of continuing operations		166,664 185,225		133,336 173,639
cash provided by midnering detrition of continuing operations		.30,220		,
Net (decrease) increase in cash and cash equivalents		836,137		430,316
Cash and cash equivalents - beginning of year		6,806,497		6,376,181
Cash and cash equivalents - end of year	\$	7,642,634	\$	6,806,497