Treasurer’s Report
Vangie Dennis, MSN, RN, CNOR, CMLSO
Overview of Report

1. Discuss the record success we achieved in 2019.

2. Discuss how the expected losses from 2020 due to COVID-19 will be offset from the reserve surplus accumulated over the years.
2019 AORN Inc. and its Subsidiaries (un-audited)

AORN Enterprise ($40.3M)
(Combined)

- AORN Inc. ($31.5M)
  Dept & Divisions
  includes OSD division
  (501c6 - Not-for-Profit)

- Pfiedler ($4.3M)
  (C-Corp
  For Profit)

- Foundation ($2.7M)
  (501c3
  Non-Profit)

- Syntegrity ($1.8M)
  (C-Corp
  For Profit)
Impact of COVID-19

1. Canceled Expo 2020 (expect Event cancellation insurance funds within nine to eighteen months)
2. Decline in stock market, impacting AORN’s reserves
3. Expected recession impacting AORN’s 2020 revenues
4. Management and the Board of Directors made several cuts in operations to lower expenses
5. As a result, the 2020 budget was revised at the March 24, 2020 Board of Directors’ Meeting
AORN Inc. 2020 Budget Revised After COVID-19

Revenues Revised

<table>
<thead>
<tr>
<th>Year</th>
<th>2018 Actual</th>
<th>2019 Un-Audited</th>
<th>2020 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$27,921,304</td>
<td>$31,542,358</td>
<td>$21,493,204</td>
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</tbody>
</table>

Net Income Revised

<table>
<thead>
<tr>
<th>Year</th>
<th>2018 Actual</th>
<th>2019 Un-Audited</th>
<th>2020 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$586,782</td>
<td>$1,821,259</td>
<td>-$6,452,976</td>
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</tbody>
</table>

Strong Reserves (un-audited)

• Maintained reserves by implementing various cost cutting measures (noted in earlier slides)

• Despite expected 2020 losses, AORN will have sufficient reserves during this crisis
  o Reserves at 12/31/2019: $13.1M
  o Est. Reserves at 12/31/2020: $12.1M
In Summary

• 2019 generated the 11th Year in a Row of Positive Earnings

• Expect losses in 2020 due to COVID-19

• Strong Reserves accumulated over the years will offset the 2020 expected losses