

OneBlood, Inc.

Consolidated Financial Report
December 31, 2021

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Independent Auditor's Report

RSM US LLP

Audit Committee
OneBlood, Inc.

Opinion

We have audited the accompanying consolidated financial statements of OneBlood, Inc. and its controlled affiliate (the Organization), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 issued (or within one year after the date that the financial statements are available to be issued when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 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.

RSM US LLP

Orlando, Florida
April 29, 2022

OneBlood, Inc.

**Consolidated Balance Sheets
December 31, 2021 and 2020**

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,584,596	\$ 42,933,422
Restricted cash	2,167,128	1,578,950
Investments	227,643,012	173,910,521
Receivables:		
Trade receivables, net	51,701,092	54,439,915
Other	2,045,051	8,254,145
Supplies inventory	7,171,980	7,875,055
Blood and blood components inventory	4,250,041	4,752,618
Prepaid expenses and other current assets	7,464,327	7,132,505
Total current assets	309,027,227	300,877,131
Property and equipment, net	122,354,990	112,310,891
Other investments	41,959,258	31,275,926
Right-of-use lease assets	19,268,749	-
Goodwill, net	961,972	1,099,395
Due from related parties	2,892,151	3,000,000
Other assets	2,661,060	1,942,632
Total assets	\$ 499,125,407	\$ 450,505,975
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 1,190,000	\$ 1,154,000
Current portion of right-of-use lease liability	5,017,319	-
Accounts payable	14,200,452	14,352,290
Accrued expenses	26,111,378	23,693,134
Due to related parties	2,896,063	4,089,910
Total current liabilities	49,415,212	43,289,334
Long-term liabilities:		
Long-term debt, net of current portion and debt issuance costs	35,335,167	36,505,794
Right-of-use lease liability, net of current portion	14,536,516	-
Total liabilities	99,286,895	79,795,128
Commitments and contingencies (Notes 8, 10, 11 and 14)		
Net assets:		
Without donor restrictions:		
Undesignated	397,158,828	368,488,392
With donor restrictions:		
Restricted for specified purposes	2,648,184	2,190,955
Restricted in perpetuity—endowment	31,500	31,500
Total with donor restrictions	2,679,684	2,222,455
Total net assets	399,838,512	370,710,847
Total liabilities and net assets	\$ 499,125,407	\$ 450,505,975

See notes to consolidated financial statements.

OneBlood, Inc.

**Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2021 and 2020**

	2021	2020
Changes in net assets without donor restrictions		
Operating revenues:		
Blood products, net	\$ 357,888,501	\$ 334,816,156
Laboratory services	53,280,899	51,477,186
Total operating revenues	411,169,400	386,293,342
Operating expenses:		
Salaries and benefit costs	203,796,127	201,413,324
Medical supplies and testing services	91,130,707	89,908,151
Other operating expenses	101,708,437	86,781,739
Depreciation and amortization	15,199,949	13,980,276
Total operating expenses	411,835,220	392,083,490
Operating margin	(665,820)	(5,790,148)
Gain on disposal of property and equipment, net	251,697	13,054,543
Operating (loss) gain	(414,123)	7,264,395
Nonoperating revenue and expense:		
Investment income, net	22,882,205	23,468,617
Earnings from other investments	5,280,916	37,090,786
Lease and service revenues	1,150,269	1,128,815
Interest expense	(839,928)	(676,305)
Other, net	611,097	414,428
Total nonoperating revenue and expense	29,084,559	61,426,341
Change in net assets without donor restrictions	28,670,436	68,690,736
Changes in net assets with donor restrictions:		
Contributions	227,400	409,710
Investment income, net	229,829	287,424
Change in net assets with donor restrictions	457,229	697,134
Change in net assets	29,127,665	69,387,870
Net assets:		
Beginning of year	370,710,847	301,322,977
End of year	\$ 399,838,512	\$ 370,710,847

See notes to consolidated financial statements.

OneBlood, Inc.

Consolidated Statements of Cash Flows Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 29,127,665	\$ 69,387,870
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,199,949	13,980,276
Net unrealized gains on investments	(5,451,087)	(17,794,080)
Earnings from other investments	(5,280,916)	(37,090,786)
Amortization of right-of-use lease assets	3,973,116	-
Gain on disposal of property and equipment	(251,697)	(13,054,543)
Changes in assets and liabilities:		
Trade receivables	2,738,823	(13,910,601)
Other receivables	6,209,094	(175,723)
Due from related parties	107,849	(3,000,000)
Supplies inventory	703,075	(2,765,254)
Blood and blood components inventory	502,577	(716,222)
Prepaid expenses and other current assets	(331,822)	(2,818,604)
Right-of-use lease liabilities	(3,688,030)	-
Other assets	(718,428)	(385,719)
Accounts payable	(151,838)	574,358
Accrued expenses	2,418,244	242,167
Due to related parties	(1,193,847)	1,025,638
Net cash provided by (used in) operating activities	43,912,727	(6,501,223)
Cash flows from investing activities:		
Purchases of property and equipment	(25,131,106)	(24,170,680)
Proceeds from sale of property and equipment	295,551	8,127,859
Purchases of investments	(230,006,210)	(66,864,912)
Proceeds from the sale and maturity of investments	181,724,806	60,821,412
Purchases of other investments	(9,057,309)	(4,670,645)
Distributions received from other investments	3,654,893	51,985,621
Net cash (used in) provided by investing activities	(78,519,375)	25,228,655
Cash flows used in financing activities:		
Principal payments on long-term debt	(1,154,000)	(1,309,706)
Net cash used in financing activities	(1,154,000)	(1,309,706)
Net (decrease) increase in cash and cash equivalents and restricted cash	(35,760,648)	17,417,726
Cash and cash equivalents and restricted cash:		
Beginning	44,512,372	27,094,646
Ending	\$ 8,751,724	\$ 44,512,372
Cash and cash equivalents, end of year	\$ 6,584,596	\$ 42,933,422
Restricted cash, end of year	2,167,128	1,578,950
Cash and cash equivalents and restricted cash, end of year	\$ 8,751,724	\$ 44,512,372
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 844,705	\$ 519,652
Supplemental disclosures of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable	\$ 649,919	\$ 539,034
Other receivables for accumulated earnings on other investments	\$ -	\$ 5,885,579
Right-of-use assets obtained in exchange for operating lease obligations	\$ 23,241,865	\$ -
Contribution to other investments from sale of equipment	\$ -	\$ 7,000,000

See notes to consolidated financial statements.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: OneBlood, Inc. is a Florida not-for-profit corporation that provides for the recruitment, collection, processing and distribution of blood and blood products to meet the needs of the community. OneBlood, Inc. serves hospitals and health facilities throughout Florida, Georgia, Alabama, North Carolina and South Carolina.

OneBlood Foundation, Inc. (OBF), formerly Florida Blood Services Foundation, Inc., was established as a Florida not-for-profit organization in 1980 to support OneBlood, Inc. OBF is a controlled affiliate of OneBlood, Inc. which maintains a majority voting interest in OBF.

OBF Investments, LLC (OBFI), a wholly owned subsidiary of OBF was established as a Florida for-profit organization on August 14, 2014, to make and manage certain strategic investments of OBF.

Transfusion Medicine Specialists, Inc. (TMS), a wholly owned subsidiary of OneBlood, Inc., was established as a Florida not-for-profit organization to support OneBlood, Inc. in providing quality wellness care for patients who need transfusion services.

Clinical Discovery Institute, LLC (CDI), a wholly owned subsidiary of OneBlood, Inc., was established as a biotechnology for-profit organization to provide biological blood products and services to hospitals and testing labs for valuable research and clinical trial purposes.

Principles of consolidation: The consolidated financial statements include the accounts of OneBlood, Inc., TMS, CDI, OBF, a controlled affiliate of OneBlood, Inc., and OBF's wholly owned subsidiary OBFI (collectively, OneBlood or the Organization). All of the significant intercompany accounts and transactions have been eliminated in consolidation.

A summary of the Organization's significant accounting policies follows:

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification: Certain amounts have been reclassified from prior year consolidated financial statements to conform with current year presentation. Such reclassifications had no effect on total net assets, change in net assets, or cash flows as previously reported.

Revenue recognition: The Organization's revenue is primarily derived from sales of blood products and laboratory services. Revenue from blood products and laboratory services is based on the transaction price which is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods or services to customers. The Organization records revenue at a point in time upon delivery of the good or service to the customer, which is when control has transferred and the Organization's performance obligation is satisfied. The Organization has elected to treat shipping and handling activities related to contracts with customers as fulfillment costs, and not as separate performance obligations, and accrues the related costs when the related revenue is recognized.

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Cash and cash equivalents: For purposes of the consolidated statements of cash flows, all highly liquid investments with an original maturity of three months or less, and which are not designated as investments or certificates of deposit, are considered to be cash equivalents and are recorded at cost which approximates fair value.

At various times, cash balances held at financial institutions are in excess of federally insured limits. The Organization believes no significant concentration of credit risk exists with respect to these cash balances.

Restricted cash: Restricted cash is required by the automobile insurance and workers' compensation self-insurance claims administrators.

Trade receivables: Trade receivables are non-interest-bearing and recorded at net realizable value. Credit is extended based on an evaluation of the customer's financial condition, and generally, collateral is not required. The Organization maintains an allowance for potential credit losses based upon expected collectability of all accounts receivable. The Organization records an allowance for returned blood products at the time of sale based upon historical trends. Management estimates its allowance for doubtful accounts and for returned blood products to be approximately \$609,500 and \$595,100 as of December 31, 2021 and 2020, respectively. Credit losses and returns of blood products are provided for in the consolidated financial statements and have historically been within management's expectations.

Investments and investment income: Investments are reported at fair value (see Note 3). Realized gains and losses are recorded at date of disposition based on the difference between the net proceeds and the cost of the investments sold, using the specific identification method. Unrealized gains and losses are reported for the changes in fair value between reporting periods, net of investment expenses. Interest and dividend income is recognized when earned. Investment income, reported in the accompanying consolidated statements of operations and changes in net assets includes realized and unrealized gains and losses as well as interest and dividend income. Investments included in current assets on the accompanying consolidated balance sheets include investments in equity securities, money market funds, debt securities and investments measured at net asset value.

Other investments: Investee companies that are not consolidated, but over which OneBlood exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Organization exercises significant influence with respect to an investee, depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Organization's consolidated balance sheets and statements of operations and changes in net assets; however, the Organization's share of the earnings or losses of the investee company is included in the caption earnings from other investments in the consolidated statements of operations and changes in net assets. The Organization's carrying value in an equity method investee company is reflected in the caption other investments in the accompanying consolidated balance sheets.

When the carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the consolidated financial statements unless the Organization guaranteed obligations of the investee company or has committed additional funding. When the investee company subsequently reports income, the Organization will not record its share of such income until it equals the amount of its share of losses not previously recognized.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investee companies not accounted for under the equity method of accounting are accounted for under the cost method of accounting. Under this method, the Organization's share of the earnings or losses of such investee companies is not included in the consolidated balance sheets or statements of operations and changes in net assets. However, impairment charges are recognized in the consolidated statements of operations and changes in net assets. If circumstances suggest that the value of the investee company has subsequently recovered, such recovery is not recorded.

When a cost method investee company initially qualifies for use of the equity method, the carrying value is adjusted for the Organization's share of the past results of the investee's operations. Accordingly, prior losses could significantly decrease the organization's carrying value in that investee company at that time.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. The net realizable value of blood and blood components inventory is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of production, disposal and shipping. The cost of supplies inventory is determined by the first-in, first-out method.

Property and equipment: Property and equipment are reported on the basis of historical cost at the date of purchase. Property and equipment acquired in a business combination is reported on the fair value basis at the date of acquisition. Gifts of long-lived assets such as land, buildings or equipment are reported as nonoperating revenue in the year donated, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Expenditures that materially increase values, change capacities or extend useful lives are capitalized.

Depreciation is computed by the straight-line method over the following estimated useful lives:

Assets	Estimated Useful Life (Years)
Building and improvements	30-40
Furniture and equipment	5-10
Leasehold improvements	3-13
Computer equipment and software	3-6
Automobiles and trucks	2-10

Leasehold improvements are amortized using the straight-line method over the lesser of the period of the lease term or the estimated useful life of the assets. Such amortization is included in depreciation and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

Goodwill: Goodwill represents the excess of the purchase price of an acquired entity over the amounts assigned to the assets acquired and liabilities assumed in a business combination. The Organization has elected the private company alternative for accounting for goodwill and amortizes goodwill on a straight-line basis over ten years. The Organization evaluates goodwill for impairment at the entity level upon the occurrence of any impairment triggering events that indicate that the fair value of the entity may be below its carrying amount. There were no triggering events identified during the years ending December 31, 2021 and 2020.

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Debt issuance costs: Debt issuance costs are amortized over the term of the long-term debt using the straight-line method, which approximates the effective interest method. As of December 31, 2021 and 2020, approximately \$159,800 and \$179,200, respectively, of debt issuance costs are included in non-current liabilities as a direct reduction of the related long-term debt. Amortization of debt issuance costs were approximately \$19,400 and \$196,600 during the years ended December 31, 2021 and 2020, respectively, and is included in depreciation and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

Leases: The Organization has operating leases for real estate and equipment. The Organization determines if an arrangement is a lease at the inception of a contract. Lease assets and lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. The Organization uses the incremental borrowing rate for operating leases, as determined through an analysis of its prospective borrowing rate on additional borrowings. Operating lease expense is recognized on a straight-line basis over the lease term.

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset during the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are reflected in the consolidated balance sheet, see Note 8.

The Organization's leases included one or more options to renew, the exercise of such lease renewal options is at the Organization's sole discretion. The renewal term is included in the lease liability only when it is reasonably possible the Organization will exercise the options. Leases with a lease term of 12 months or less at commencement are not recorded on the consolidated balance sheets.

The Organization has lease agreements which require payments for lease and non-lease components and has elected to exclude the non-lease components for all operating leases. For leases that commenced before the effective date of Accounting Standards Updated (ASU) 2016-12, the Organization elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

Effective January 1, 2021, leases are presented in accordance with ASU 2016-12, *Leases (Topic 842)*. The 2020 presentation follows ASC Topic 840, *Leases*, in effect at December 31, 2020.

Classification of net assets: Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors. No assets have been designated by the Board of Directors for these purposes as of December 31, 2021 and 2020. Net assets without donor restrictions were \$397,158,828 and \$368,488,392 as of December 31, 2021 and 2020, respectively.

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization, passage of time, or permanently maintained by the Organization.

Net assets with donor restrictions restricted for specified purposes at December 31, 2021 and 2020, were \$2,648,184 and \$2,190,955, respectively. Net assets with donor restrictions restricted in perpetuity were \$31,500 at December 31, 2021 and 2020, and consists of investment securities held by the Foundation, the distributions from which are to be used to support the Organization's mission.

Contributed services: A substantial number of unpaid volunteers have made significant contributions of their time, principally in collection programs. The value of this contributed time is not reflected in the accompanying consolidated financial statements since it is not susceptible to objective measurement or valuation and the equivalent of an employer/employee relationship does not exist.

Impairment of long-lived assets (except goodwill): Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the use and eventual disposition of the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount of fair value less costs to sell, and would no longer be depreciated. The Organization noted no events or changes in circumstances indicative of potential impairment for either of the years ended December 31, 2021 and 2020.

Income taxes: The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions in the states in which the Organization operates. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying consolidated financial statements.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. The Organization assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. OneBlood files income tax returns in the U.S. federal jurisdiction. Generally, OneBlood is no longer subject to U.S. federal income tax examinations by tax authorities for years ended December 31, 2017, and prior.

Advertising: OneBlood expenses the costs of advertising as incurred. Advertising costs for the years ended December 31, 2021 and 2020, were approximately \$1,608,200 and \$1,096,700, respectively.

Shipping and handling: OneBlood includes shipping and handling costs in other operating expenses. Total shipping and handling costs related to blood products and services was approximately \$3,736,700 and \$2,890,600 for the years ended December 31, 2021 and 2020, respectively.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Recently adopted accounting standard: The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during the year ended December 31, 2021. The Organization has considered the new pronouncements that altered U.S. GAAP and other than as disclosed in these notes to the consolidated financial statements, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

Subsequent events: Management has evaluated subsequent events through April 29, 2022, the date on which the consolidated financial statements were available to be issued.

Note 2. Goodwill

Goodwill consists of the following as of December 31, 2021 and 2020:

	2021	2020
Goodwill, gross	\$ 1,374,244	\$ 1,374,244
Less accumulated amortization	(412,272)	(274,849)
Goodwill, net	<u>\$ 961,972</u>	<u>\$ 1,099,395</u>

Amortization expense relating to goodwill was approximately \$137,400 for the years ended December 31, 2021 and 2020, and is included in depreciation and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

The estimated annual amortization expense of goodwill for the years ending after December 31, 2021, is as follows:

Years ending December 31:	
2022	\$ 137,424
2023	137,424
2024	137,424
2025	137,424
2026	137,424
Thereafter	274,852

OneBlood, Inc.**Notes to Consolidated Financial Statements****Note 3. Investments and Fair Value Measurements**

Investments at fair value as of December 31, 2021 and 2020, consist of:

	<u>2021</u>	<u>2020</u>
Equity securities:		
Common stocks:		
S&P 500 stocks	\$ 24,016,669	\$ 24,337,690
Foreign stocks	32,634,725	26,403,295
S&P Midcap 400 stocks	-	2,801,406
OTC market stocks	<u>2,759,229</u>	<u>6,309,943</u>
	<u>59,410,623</u>	<u>59,852,334</u>
Mutual funds:		
Growth funds	76,455,070	55,357,630
Bond funds	11,281,566	7,895,763
Conservative allocation funds	<u>10,597,786</u>	<u>5,739,997</u>
	<u>98,334,422</u>	<u>68,993,390</u>
Money market funds	<u>2,717,022</u>	<u>2,792,893</u>
Debt securities:		
Corporate debt securities	25,059,577	9,531,639
U.S. government securities	12,611,954	15,932,468
Municipal debt securities	3,276,362	2,195,081
Foreign debt securities	<u>1,098,342</u>	<u>1,140,438</u>
	<u>42,046,235</u>	<u>28,799,626</u>
Investments measured at net asset value:		
Real estate investment trust	<u>25,134,710</u>	<u>13,472,278</u>
	<u>\$ 227,643,012</u>	<u>\$ 173,910,521</u>

Investment income without donor restrictions was comprised of the following components for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net realized and change in unrealized gains and losses from investments, net of investment expenses	\$ 19,302,182	\$ 20,284,226
Interest and dividend income	<u>3,580,023</u>	<u>3,184,391</u>
	<u>\$ 22,882,205</u>	<u>\$ 23,468,617</u>

The Organization invests in various investment securities in accordance with its investment policy. These investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in their values, it is reasonable to expect that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance.

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

The Organization follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with U.S GAAP, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurements establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Investments recorded at fair value in the accompanying consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by this guidance, are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value of actively traded debt and equity securities is based on quoted market prices. Fair value of inactively traded debt securities is based on quoted market prices of identical or similar securities or based on observable inputs like interest rates using either a market or income valuation approach and is generally classified as Level 2.

OneBlood, Inc.**Notes to Consolidated Financial Statements****Note 3. Investments and Fair Value Measurements (Continued)**

The following tables present the fair value hierarchy for the balances of the financial assets of the Organization measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	2021			Total
	Level 1	Level 2	Level 3	
Equity securities:				
Common stocks:				
S&P 500 stocks	\$ 24,016,669	\$ -	\$ -	\$ 24,016,669
Foreign stocks	32,634,725	-	-	32,634,725
OTC market stocks	2,759,229	-	-	2,759,229
	<u>59,410,623</u>	<u>-</u>	<u>-</u>	<u>59,410,623</u>
Mutual funds:				
Growth funds	-	76,455,070	-	76,455,070
Bond funds	-	11,281,566	-	11,281,566
Conservative allocation funds	-	10,597,786	-	10,597,786
	-	<u>98,334,422</u>	-	<u>98,334,422</u>
Money market funds	<u>2,717,022</u>	-	-	<u>2,717,022</u>
Debt securities:				
Corporate debt securities	-	25,059,577	-	25,059,577
U.S. government securities	10,692,388	1,919,566	-	12,611,954
Municipal debt securities	-	3,276,362	-	3,276,362
Foreign debt securities	-	1,098,342	-	1,098,342
	<u>10,692,388</u>	<u>31,353,847</u>	<u>-</u>	<u>42,046,235</u>
Real estate investment trust measured at net asset value (a)	-	-	-	25,134,710
	-	-	-	<u>25,134,710</u>
	<u>\$ 72,820,033</u>	<u>\$ 129,688,269</u>	<u>\$ -</u>	<u>\$ 227,643,012</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

	2020			Total
	Level 1	Level 2	Level 3	
Equity securities:				
Common stocks:				
S&P 500 stocks	\$ 24,337,690	\$ -	\$ -	\$ 24,337,690
Foreign stocks	26,403,295	-	-	26,403,295
S&P Midcap 400 stocks	2,801,406	-	-	2,801,406
OTC market stocks	6,309,943	-	-	6,309,943
	<u>59,852,334</u>	<u>-</u>	<u>-</u>	<u>59,852,334</u>
Mutual funds:				
Growth funds	291,492	55,066,138	-	55,357,630
Bond funds	-	7,895,763	-	7,895,763
Conservative allocation funds	-	5,739,997	-	5,739,997
	<u>291,492</u>	<u>68,701,898</u>	<u>-</u>	<u>68,993,390</u>
Money market funds	<u>2,792,893</u>	<u>-</u>	<u>-</u>	<u>2,792,893</u>
Debt securities:				
Corporate debt securities	-	9,531,639	-	9,531,639
U.S. government securities	-	15,932,468	-	15,932,468
Municipal debt securities	-	2,195,081	-	2,195,081
Foreign debt securities	-	1,140,438	-	1,140,438
	<u>-</u>	<u>28,799,626</u>	<u>-</u>	<u>28,799,626</u>
Real estate investment trust measured at net asset value (a)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,472,278</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,472,278</u>
	<u>\$ 62,936,719</u>	<u>\$ 97,501,524</u>	<u>\$ -</u>	<u>\$ 173,910,521</u>

(a) Certain investments that are measured at net asset value (NAV) per share practical expedient or its equivalent have not been classified in the fair value hierarchy. The fair value amounts presented in this table are reported for the purpose of reconciling the fair value hierarchy to the investments report in the consolidated balance sheets.

The real estate investment trust consists of an investment in Prime Property Fund, LLC (Prime) which is a Delaware limited liability company that acquires, owns, and holds for investment and ultimately dispose of investments in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. Morgan Stanley Real Estate Advisor, Inc. serves as the sponsor and adviser of Prime. The fair value is determined using the NAV per share as a practical expedient, as provided by the investment manager. An investor in Prime is able to redeem funds subject to the availability of cash arising from net investment income, allocations and the sale of investments in the normal course of business. The Organization receives audited financial statements annually and quarterly unaudited performance reports.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 4. Other Investments

In April 2020, OneBlood and the American Red Cross finalized a joint venture agreement to form ARC-One Solutions, a regulated software company. As part of the joint venture agreement, OneBlood contributed \$4,160,037 and \$7,000,000 during the years ended December 31, 2021 and 2020 respectively, to ARC-One Solutions for a 50% interest in the company. As of December 31, 2021 and 2020, the Organization had a receivable of approximately \$2,892,000 and \$3,000,000, respectively, due from ARC-One Solutions, which is included in due from related parties in the accompanying consolidated balance sheets.

During the years ended December 31, 2021 and 2020, the Organization invested \$1,000,000 and \$750,000, respectively, in Orsense, a medical device company. The investment represents approximately 5% of the total net assets of Orsense and is accounted for under the cost method.

During the years ended December 31, 2021 and 2020, the Organization invested \$1,262,180 and \$1,500,000, respectively, in Secure Transfusion Services, in which it owns approximately 14% of the total net assets, and is accounted for under the cost method.

In January of 2021, the Organization invested \$2,623,940 in Prothya Biosolutions, a supplier of medicines derived from blood plasma, in which it owns approximately 6% of the total net assets, and is accounted for under the cost method.

The Organization accounts for its investments in Creative Testing Solutions (CTS), HemeXcel Purchasing Alliance, LLC and HemeXcel Resources, LLC and ARC-One under the equity method. The Organization's investments in Secure Transfusion Services, iSpecimen, Inc., OrSense, Ltd., and Prothya are accounted for under the cost method. The date of investment, purpose and percentage ownership for each investment is as follows:

Entity	Date of Investment	Purpose	Percentage of Ownership
ARC-One	April 3, 2020	Blood supply chain management software	50%
HemeXcel Purchasing Alliance, LLC	August 26, 2013	Purchasing group	25%
HemeXcel Resources, LLC	May 30, 2014	Distributor and marketer of blood products	25%
Creative Testing Solutions	January 1, 2010	Donor testing service	20%
Secure Transfusion Services	February 22, 2019	Transfusion life sciences	14%
iSpecimen, Inc.	August 22, 2014	Clinical specimen supplier	10%
Prothya Biosolutions	January 15, 2021	Plasma supplies	6%
OrSense Ltd.	September 15, 2020	Medical device supplier	5%

OneBlood, Inc.**Notes to Consolidated Financial Statements**

Note 4. Other Investments (Continued)

Summary of investment balances for the respective entities as of and for the years ended December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Creative Testing Solutions	\$ 19,487,536	\$ 14,356,021
ARC-One	9,185,602	8,190,608
iSpecimen, Inc.	6,150,000	6,150,000
Secure Transfusion Services	2,762,180	1,500,000
HemeXcel Purchasing Alliance, LLC	-	329,297
Prothya Biosolutions	2,623,940	-
OrSense Ltd.	1,750,000	750,000
	<u>\$ 41,959,258</u>	<u>\$ 31,275,926</u>

Summary financial information for the respective entities that the Organization accounts for under the equity method of accounting as of and for the years ended December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Total assets	\$ 169,279,418	\$ 175,309,282
Total liabilities	70,368,808	85,889,289
Net assets	<u>\$ 98,910,610</u>	<u>\$ 89,419,993</u>
Total revenues and other income	370,645,394	406,972,410
Total expenses	336,344,851	378,521,784
Net income	<u>\$ 34,300,543</u>	<u>\$ 28,450,626</u>
OneBlood's share of net income from other investments under the the equity method and gain on sale from other investments under the cost method	<u>\$ 5,280,916</u>	<u>\$ 37,090,786</u>

OneBlood, Inc.**Notes to Consolidated Financial Statements****Note 5. Property and Equipment**

Property and equipment consists of the following as of December 31, 2021 and 2020:

	2021	2020
Land	\$ 21,677,941	\$ 20,130,941
Buildings and improvements	123,044,824	114,055,051
Furniture and equipment	69,971,910	66,326,623
Automobiles and trucks	59,702,993	52,229,945
Computer equipment and software	53,328,593	51,262,570
Leasehold improvements	11,041,840	10,144,514
Construction in progress	649,919	551,154
	<u>339,418,020</u>	<u>314,700,798</u>
Less accumulated depreciation and amortization	(217,063,030)	(202,389,907)
	<u>\$ 122,354,990</u>	<u>\$ 112,310,891</u>

Depreciation and amortization expense for the years ended December 31, 2021 and 2020, was approximately \$15,043,200 and \$13,451,200, respectively.

Note 6. Accrued Expenses

Accrued expenses consists of the following as of December 31, 2021 and 2020:

	2021	2020
Vacation	\$ 11,630,364	\$ 11,108,427
Payroll and related benefits	5,769,637	4,456,826
Health and workers' compensation insurance (Note 14)	4,113,559	4,236,884
Retirement	3,051,463	2,017,023
Other	1,546,355	1,873,974
	<u>\$ 26,111,378</u>	<u>\$ 23,693,134</u>

Note 7. Long-Term Debt

Long-term debt as of December 31, 2021 and 2020, consists of the following:

	2021	2020
City of St. Petersburg, Florida:		
Healthcare Facilities Revenue Bonds, Series 2013	\$ 36,685,000	\$ 37,839,000
Less debt issuance costs	(159,833)	(179,206)
Less current portion of long-term debt	(1,190,000)	(1,154,000)
	<u>\$ 35,335,167</u>	<u>\$ 36,505,794</u>

In April 2013, the Organization issued Healthcare Facilities Revenue Bonds, Series 2013 (the Bonds) in the principal amount of \$45,000,000 for the purpose of financing or refinancing the cost of the acquisition, construction, equipping, renovation or expansion of all or a portion of certain capital projects and equipment owned or to be owned and operated by the Organization. The Bonds were issued through the City of St. Petersburg Health Facilities Authority.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 7. Long-Term Debt (Continued)

In April of 2020, the lender exercised their right to call the bonds, and consequently, the Organization entered into a refinancing arrangement with BB&T Community Holdings for the remaining outstanding principal of \$37,839,000. The Bonds bear a fixed rate per annum of 1.62%. The Bonds are collateralized by gross revenues and property. The financing agreement contains certain financial covenants including the maintenance of minimum unrestricted day's cash on hand, an annual required debt service coverage ratio and a maximum debt to capitalization ratio limit. The Bonds, which mature in April 2043, require annual principal and quarterly interest payments. The financing agreement gives the lender the right to tender the Bonds on April 1, 2030, April 1, 2033, April 1, 2036, and April 1, 2039, at the outstanding principal balance thereof plus accrued interest thereon.

As of December 31, 2021, long-term debt (before debt issuance costs) matures as follows:

Years ending December 31:	
2022	\$ 1,190,000
2023	1,227,000
2024	1,262,000
2025	1,303,000
2026	1,344,000
Thereafter	30,359,000
	<u>\$ 36,685,000</u>

Note 8. Leases

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lease expense was \$6,365,740 and \$6,991,100 during the years ended December 31, 2021 and 2020, respectively.

Lease term and discount rates as of the year ended December 31, 2021, are as follows:

Weighted-average remaining lease term	7.69 years
Weighted-average discount rate	2.62%

The following table summarizes the maturity of lease liabilities under operating leases as of December 31, 2021.

Years ending December 31:	
2022	\$ 5,017,319
2023	3,377,731
2024	2,196,570
2025	1,887,382
2026	1,700,292
Thereafter	7,516,520
Total minimum obligations	<u>21,695,814</u>
Less amount representing interest	<u>2,141,979</u>
Total lease liabilities	<u>\$ 19,553,835</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 9. Liquidity and Availability of Resources

As of December 31, 2021 and 2020, the following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of December 31, 2021 and 2020:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 6,584,596	\$ 42,933,422
Investments	227,643,012	173,910,521
Receivables:		
Trade receivables, net	51,701,092	54,439,915
Other	2,045,051	8,254,145
	<u>287,973,751</u>	<u>279,538,003</u>
Less unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restriction	(2,648,184)	(2,190,955)
Restricted by donors in perpetuity - endowment	(31,500)	(31,500)
	<u>(2,679,684)</u>	<u>(2,222,455)</u>
Financial assets available to meet cash needs for general expenditures over the next 12 months	<u>\$ 285,294,067</u>	<u>\$ 277,315,548</u>

The Organization has a goal to maintain 120 days of operating expense coverage (approximately \$100,000,000) in liquid financial assets. The Organization meets this goal with cash balances combined with an investment portfolio which is primarily invested in actively traded stocks, bonds and mutual funds that can generally be liquidated on demand.

Note 10. Retirement Plans

A summary of the Organization's retirement plans is as follows:

OneBlood 403(b) retirement plan: The Organization maintains a defined 403(b) contribution plan. Employees are eligible to contribute to the plan upon the first day of the month following their date of hire. Effective January 1, 2018, the plan adopted an automatic deferral election provision that allows the Organization to deduct 1% from all new employees' compensation in each plan year for a maximum of 5%, which begins the first of the month following 60 days of service, unless the employee opts out within 30 days of their date of hire. In addition, after completion of 60 days of service, the Organization matches up to 3.5% of eligible compensation. Employees must contribute at least 5% to be eligible for the maximum match. The employer also funds an additional discretionary 3% of eligible compensation to all eligible participants.

OneBlood defined contribution retirement plan: The Organization maintains a defined 401(a) contribution plan. Assets in the 401(a) plan are fully vested and no further contributions will be made to this plan.

Deferred compensation plan—457(b): The Organization maintained an eligible deferred compensation plan for certain members of management. The plan was established to allow participants to defer income taxation on retirement savings into future years. During the year ended December 31, 2021, the plan was amended to include employer contributions.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 10. Retirement Plans (Continued)

Deferred compensation plan—457(f): During the year ended December 31, 2021, the Organization adopted a 457(f) nonqualified deferred compensation Plan. The plan was established to supplement the retirement income of a select management group.

The Organization recorded approximately \$9,762,380 and \$7,945,300 of expenses related to the retirement plans noted above during the years ended December 31, 2021 and 2020, respectively. Deferred compensation is vested upon reaching retirement age.

Note 11. Related-Party Transactions

CTS: The following is a summary of the transactions between the Organization and CTS as of December 31, 2021 and 2020, and for the years ended December 31, 2021 and 2020:

	2021	2020
Due to CTS	\$ 2,896,063	\$ 4,089,910
Testing services provided by CTS	40,449,494	44,321,427
Lease and services revenue from CTS	1,150,269	1,128,815
Share of distributions declared by CTS	3,247,593	20,285,580

In 2010, the Organization entered into leasing agreements with CTS, whereby the Organization leased the use of a portion of its building located in St. Petersburg, Florida, to CTS.

The facility lease expires on December 31, 2029. The Organization leases approximately 29,000 square feet of building space to CTS, with monthly payments of approximately \$65,135. The basic annual rent shall increase beginning January 1 of each year by an amount equal to the lesser of: (a) 3% or (b) the CPI Adjustment Rate. In addition, CTS is to pay certain operating costs associated with the space. The portion of the facility leased has a cost basis of approximately \$4,462,000, and a net book value of approximately \$0 and \$493,000 as of December 31, 2021 and 2020, respectively.

Future minimum rental payments receivable with related parties under noncancelable operating leases with initial or remaining lease terms in excess of one year are approximately as follows at December 31, 2021:

Years ending December 31:	
2022	\$ 805,070
2023	829,222
2024	854,099
2025	879,722
2026	906,114
Thereafter	2,884,729
	<u>\$ 7,158,956</u>

During 2021, the Organization received a distribution of \$3,247,593 from CTS.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 11. Related-Party Transactions (Continued)

OrSense Ltd.: The Organization purchased equipment of approximately \$998,800 from OrSense Ltd. during the year ended December 31, 2021.

Prothya Biosolutions: The Organization recognized revenues from sales of its products to Prothya Biosolutions, of approximately \$19,701,000. As of December 31, 2021, the Organization had a receivable from Prothya Biosolutions of approximately \$9,491,000 in accordance with mutual agreed contract terms and is included in trade receivables in the accompanying consolidated balance sheets.

Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are associated with OBF (see Note 1).

Net assets with donor restrictions for a specified purpose of OBF as of December 31, 2021 and 2020, consisted of the following:

	2021	2020
Investments	\$ 2,606,699	\$ 2,149,470
Other assets	41,485	41,485
	<u>\$ 2,648,184</u>	<u>\$ 2,190,955</u>

There were \$0 in assets released from restrictions during the years ended December 31, 2021 and 2020.

Net assets with donor restrictions held in perpetuity of OBF as of December 31, 2021 and 2020, consisted of the following:

	2021	2020
Investments	<u>\$ 31,500</u>	<u>\$ 31,500</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 13. Allocation of Functional Expenses

The cost of providing the Organization's various programs and activities are summarized below on a functional basis. Accordingly, certain costs have been allocated among the programs benefited and supporting services. Management allocates expenses based on function and natural classification. The methodology used in allocating expenses by function are based on qualitative and quantitative factors affecting each class of expenses. Salaries and benefit costs are allocated to each function based on the time and effort of the labor involved, medical supplies and testing services are fully allocated to program services, other operating expenses are allocated based on time and effort and depreciation and amortization are allocated based on square footage used.

	2021		
	Program Services	Supporting Services General and Administration	Total
Salaries and benefit costs	\$ 183,416,514	\$ 20,379,613	\$ 203,796,127
Medical supplies and testing services	91,130,707	-	91,130,707
Other operating expenses	93,388,989	8,319,448	101,708,437
Depreciation and amortization	13,679,954	1,519,995	15,199,949
	<u>\$ 381,616,164</u>	<u>\$ 30,219,056</u>	<u>\$ 411,835,220</u>

	2020		
	Program Services	Supporting Services General and Administration	Total
Salaries and benefit costs	\$ 181,271,992	\$ 20,141,332	\$ 201,413,324
Medical supplies and testing services	89,908,151	-	89,908,151
Other operating expenses	77,559,836	9,221,903	86,781,739
Depreciation and amortization	12,582,248	1,398,028	13,980,276
	<u>\$ 361,322,227</u>	<u>\$ 30,761,263</u>	<u>\$ 392,083,490</u>

Notes to Consolidated Financial Statements

Note 14. Commitments and Contingencies

Self-insurance: The Organization provides medical and other healthcare benefits to certain employees and covered dependents through a self-insured healthcare plan. Reinsurance, covering costs above \$250,000 per plan plus \$250,000 per individual per plan year, is maintained through a commercial excess coverage policy. In addition, the Organization is self-insured for workers' compensation. Undiscounted estimated reserves for claims incurred but not yet reported totaled approximately \$4,114,000 and \$4,237,000 at December 31, 2021 and 2020, respectively, and are included in accrued expenses (see Note 6) in the accompanying consolidated balance sheets.

Professional liability: The Organization is, from time to time, subject to claims and suits for alleged damages, including alleged damages for personal injuries to patients and others, which are covered as to risk and amount under various insurance policies, subject to deductibles. The Organization maintains occurrence-based professional liability insurance to cover the costs related to these claims. In the opinion of management, the ultimate resolution of pending claims will not have a material effect on the financial position, activities or liquidity of the Organization.

Regulations: State and federal laws set forth anti-kickback and self-referral prohibitions and otherwise regulate financial relationships between blood banks and hospitals, physicians and other persons who refer business to them. While the Organization believes its present operations comply with applicable regulations, there can be no assurance that future legislation or rule making, or the interpretation of existing laws and regulations will not prohibit or adversely impact the delivery by the Organization of its services or products.

Note 15. COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Organization operates. The extent to which the coronavirus impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Audit Committee
OneBlood, Inc.

We have audited the consolidated financial statements of OneBlood, Inc. and its controlled affiliate as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements (see Pages 1 and 2). Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and 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 information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Orlando, Florida
April 29, 2022

OneBlood, Inc.

Consolidating Balance Sheet
December 31, 2021

	OneBlood, Inc. and Subsidiary	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,952,416	\$ 2,632,180	\$ -	\$ 6,584,596
Restricted cash	2,167,128	-	-	2,167,128
Investments	192,035,740	35,607,272	-	227,643,012
Receivables:				
Trade receivable, net	51,701,092	-	-	51,701,092
Other	2,043,019	2,032	-	2,045,051
Supplies inventory	7,171,980	-	-	7,171,980
Blood and blood components inventory	4,250,041	-	-	4,250,041
Prepaid expenses and other current assets	7,464,327	-	-	7,464,327
Total current assets	270,785,743	38,241,484	-	309,027,227
Property and equipment, net	122,354,990	-	-	122,354,990
Other investments	79,525,866	13,286,122	(50,852,730)	41,959,258
Right-of-use lease assets	19,268,749	-	-	19,268,749
Goodwill, net	961,972	-	-	961,972
Due from related parties	2,906,056	-	(13,905)	2,892,151
Other assets	2,586,303	74,757	-	2,661,060
Total assets	\$ 498,389,679	\$ 51,602,363	\$ (50,866,635)	\$ 499,125,407
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 1,190,000	\$ -	\$ -	\$ 1,190,000
Current portion of right-of-use lease liability	5,017,319	-	-	5,017,319
Accounts payable	13,464,681	735,771	-	14,200,452
Accrued expenses	26,111,378	-	-	26,111,378
Due to related parties	2,896,106	13,862	(13,905)	2,896,063
Total current liabilities	48,679,484	749,633	(13,905)	49,415,212
Long-term liabilities:				
Long-term debt, net of current portion and debt issuance costs	35,335,167	-	-	35,335,167
Right-of-use lease liability, net of current portion	14,536,516	-	-	14,536,516
Total liabilities	98,551,167	749,633	(13,905)	99,286,895
Net assets:				
Without donor restrictions:				
Undesignated	397,158,828	48,173,046	(48,173,046)	397,158,828
With donor restrictions:				
Restricted for specified purposes	2,648,184	2,648,184	(2,648,184)	2,648,184
Restricted in perpetuity—endowment	31,500	31,500	(31,500)	31,500
Total with donor restrictions	2,679,684	2,679,684	(2,679,684)	2,679,684
Total net assets	399,838,512	50,852,730	(50,852,730)	399,838,512
Total liabilities and net assets	\$ 498,389,679	\$ 51,602,363	\$ (50,866,635)	\$ 499,125,407

OneBlood, Inc.

**Consolidating Balance Sheet
December 31, 2020**

	OneBlood, Inc. and Subsidiary	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 10,952,831	\$ 31,980,591	\$ -	\$ 42,933,422
Restricted cash	1,578,950	-	-	1,578,950
Investments	171,119,989	2,790,532	-	173,910,521
Receivables:				
Trade receivable, net	54,487,658	-	-	54,439,915
Other	8,206,402	-	-	8,254,145
Supplies inventory	7,875,055	-	-	7,875,055
Blood and blood components inventory	4,752,618	-	-	4,752,618
Prepaid expenses and other current assets	7,132,505	-	-	7,132,505
Total current assets	266,106,008	34,771,123	-	300,877,131
Property and equipment, net	112,310,891	-	-	112,310,891
Other investments	73,134,306	8,400,000	(50,258,380)	31,275,926
Goodwill, net	1,099,395	-	-	1,099,395
Due from related parties	3,000,000	7,012,500	(7,012,500)	3,000,000
Other assets	1,867,875	74,757	-	1,942,632
Total assets	\$ 457,518,475	\$ 50,258,380	\$ (57,270,880)	\$ 450,505,975
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 1,154,000	\$ -	\$ -	\$ 1,154,000
Accounts payable	14,352,290	-	-	14,352,290
Accrued expenses	23,693,134	-	-	23,693,134
Due to related parties	11,102,410	-	(7,012,500)	4,089,910
Total current liabilities	50,301,834	-	(7,012,500)	43,289,334
Long-term liabilities:				
Long-term debt, net of current portion and debt issuance costs	36,505,794	-	-	36,505,794
Total liabilities	86,807,628	-	(7,012,500)	79,795,128
Net assets:				
Without donor restrictions:				
Undesignated	368,488,392	48,035,924	(48,035,924)	368,488,392
With donor restrictions:				
Restricted for specified purposes	2,190,955	2,190,956	(2,190,956)	2,190,955
Restricted in perpetuity—endowment	31,500	31,500	(31,500)	31,500
Total with donor restrictions	2,222,455	2,222,456	(2,222,456)	2,222,455
Total net assets	370,710,847	50,258,380	(50,258,380)	370,710,847
Total liabilities and net assets	\$ 457,518,475	\$ 50,258,380	\$ (57,270,880)	\$ 450,505,975

OneBlood, Inc.

**Consolidating Statement of Operations and Changes in Net Assets
Year Ended December 31, 2021**

	OneBlood, Inc. and Subsidiary	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Changes in net assets without donor restrictions				
Operating revenues:				
Blood products, net	\$ 357,888,501	\$ -	\$ -	\$ 357,888,501
Laboratory services	53,280,899	-	-	53,280,899
Total operating revenues	411,169,400	-	-	411,169,400
Operating expenses:				
Salaries and benefit costs	203,796,127	-	-	203,796,127
Medical supplies and testing services	91,130,707	-	-	91,130,707
Other operating expenses	100,135,834	1,572,603	-	101,708,437
Depreciation and amortization	15,199,949	-	-	15,199,949
Total operating expenses	410,262,617	1,572,603	-	411,835,220
Operating margin	906,783	(1,572,603)	-	(665,820)
Gain on disposal of property and equipment, net	251,697	-	-	251,697
Operating gain (loss)	1,158,480	(1,572,603)	-	(414,123)
Nonoperating revenue and expense:				
Investment income, net	21,282,716	1,599,489	-	22,882,205
Earnings from other investments	5,875,266	-	(594,350)	5,280,916
Lease and service revenue	1,150,269	-	-	1,150,269
Interest expense	(839,928)	-	-	(839,928)
Other, net	500,862	110,235	-	611,097
Total nonoperating revenue and expense	27,969,185	1,709,724	(594,350)	29,084,559
Change in net assets without donor restrictions	29,127,665	137,121	(594,350)	28,670,436
Changes in net assets with donor restrictions:				
Contributions	-	227,400	-	227,400
Investment income, net	-	229,829	-	229,829
Change in net assets with donor restrictions	-	457,229	-	457,229
Change in net assets	29,127,665	594,350	(594,350)	29,127,665
Net assets:				
Beginning of year	370,710,847	48,758,381	(48,758,381)	370,710,847
End of year	\$ 399,838,512	\$ 49,352,731	\$ (49,352,731)	\$ 399,838,512

OneBlood, Inc.

**Consolidating Statement of Operations and Changes in Net Assets
Year Ended December 31, 2020**

	OneBlood, Inc. and Subsidiary	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Changes in net assets without donor restrictions				
Operating revenues:				
Blood products, net	\$ 334,816,156	\$ -	\$ -	\$ 334,816,156
Laboratory services	51,477,186	-	-	51,477,186
Total operating revenues	386,293,342	-	-	386,293,342
Operating expenses:				
Salaries and benefit costs	201,413,324	-	-	201,413,324
Medical supplies and testing services	89,908,151	-	-	89,908,151
Other operating expenses	86,779,002	2,737	-	86,781,739
Depreciation and amortization	13,980,276	-	-	13,980,276
Total operating expenses	392,080,753	2,737	-	392,083,490
Operating margin	(5,787,411)	(2,737)	-	(5,790,148)
Gain on disposal of property and equipment, net	13,054,543	-	-	13,054,543
Operating gain (loss)	7,267,132	(2,737)	-	7,264,395
Nonoperating revenue and expense:				
Investment income, net	23,242,420	226,197	-	23,468,617
Earnings from other investments	38,011,380	32,585,621	(33,506,215)	37,090,786
Lease and service revenue	1,128,815	-	-	1,128,815
Interest expense	(676,305)	-	-	(676,305)
Other, net	414,428	-	-	414,428
Total nonoperating revenue and expense	62,120,738	32,811,818	(33,506,215)	61,426,341
Change in net assets without donor restrictions	69,387,870	32,809,081	(33,506,215)	68,690,736
Changes in net assets with donor restrictions:				
Contributions	-	409,710	-	409,710
Investment income, net	-	287,424	-	287,424
Change in net assets with donor restrictions	-	697,134	-	697,134
Change in net assets	69,387,870	33,506,215	(33,506,215)	69,387,870
Net assets:				
Beginning of year	301,322,977	15,252,166	(15,252,166)	301,322,977
End of year	\$ 370,710,847	\$ 48,758,381	\$ (48,758,381)	\$ 370,710,847