OneBlood, Inc.

Consolidated Financial Report
December 31, 2016

Contents

Independent Auditor's Report

To the Audit Committee
OneBlood, Inc.

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of OneBlood, Inc. and its controlled affiliate, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, 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).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OneBlood, Inc. and its controlled affiliate as of December 31, 2016 and 2015, 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.

RSM US LLP

Orlando, Florida
April 26, 2017

OneBlood, Inc.

Consolidated Balance Sheets
December 31, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 11,974,288**	$ 8,823,454
Restricted cash	**700,000**	600,000
Investments	**113,347,408**	104,032,066
Receivables:		
Trade receivables, net	**35,731,355**	32,535,238
Other	**984,904**	3,273,706
Supplies inventory	**4,827,016**	5,684,497
Blood and blood components inventory	**3,872,204**	3,519,161
Prepaid expenses and other current assets	**4,718,825**	3,167,496
Total current assets	**176,156,000**	161,635,618
Property and equipment, net	**108,618,363**	112,835,999
Other investments	**25,550,878**	20,558,850
Goodwill	**1,374,244**	1,562,311
Intangible assets, net	**1,198,054**	1,532,394
Other assets	**2,060,013**	384,685
	$ 314,957,552	$ 298,509,857
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	**$ 1,022,000**	$ 988,000
Accounts payable	**10,616,092**	9,288,829
Accrued expenses	**19,696,534**	19,149,328
Deferred revenue	**611,139**	646,920
Due to related parties	**3,077,731**	2,960,320
Total current liabilities	**35,023,496**	33,033,397
Long-term liabilities:		
Long-term debt, net of current portion and unamortized bond acquisition costs	**40,892,921**	41,907,089
Total liabilities	**75,916,417**	74,940,486
Commitments and contingencies (Notes 7, 9, 10 and 14)		
Net assets:		
Unrestricted	**237,895,414**	222,491,432
Temporarily restricted	**1,114,221**	1,046,439
Permanently restricted	**31,500**	31,500
	239,041,135	223,569,371
	$ 314,957,552	$ 298,509,857

See notes to consolidated financial statements.

OneBlood, Inc.

Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2016 and 2015

	2016	2015
Operating revenues:		
Red blood cells, net	**$ 151,249,320**	$ 143,307,685
Platelets, net	**74,208,968**	66,765,086
Plasma revenues, net	**32,481,509**	30,057,078
Compatibility testing	**34,256,272**	33,325,131
Other products and services	**10,629,155**	8,850,184
Total operating revenues	**302,825,224**	282,305,164
Operating expenses:		
Salaries and benefit costs	**143,745,623**	142,254,525
Medical supplies and testing services	**84,338,406**	80,981,896
Other operating expenses	**59,840,777**	56,112,364
Depreciation and amortization	**13,010,471**	13,068,865
Total operating expenses	**300,935,277**	292,417,650
Gain on disposal of property and equipment, net	**2,017,193**	479,459
Operating income (loss)	**3,907,140**	(9,633,027)
Nonoperating revenue and expense:		
Investment income (loss), net	**4,730,209**	(330,298)
Equity earnings from investment	**4,992,028**	2,746,023
Lease and service revenue	**1,653,204**	2,003,786
Interest expense	**(452,223)**	(377,106)
Other, net	**573,624**	663,053
Total nonoperating revenue and expense	**11,496,842**	4,705,458
Net assets released from restrictions	**-**	46,544
Increase (decrease) in unrestricted net assets	**15,403,982**	(4,881,025)
Temporarily restricted revenues and expenses:		
Realized gain on sale of investments	**9,224**	15,215
Unrealized gain (loss) on investments	**45,183**	(975)
Interest and dividend income	**13,375**	20,050
Net assets released from restrictions	**-**	(46,544)
Increase (decrease) in temporarily restricted net assets	**67,782**	(12,254)
Change in net assets	**15,471,764**	(4,893,279)
Net assets:		
Beginning of year	**223,569,371**	228,462,650
End of year	**$ 239,041,135**	$ 223,569,371

See notes to consolidated financial statements.

OneBlood, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ 15,471,764	$ (4,893,279)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,010,471	13,068,865
Net realized/unrealized (gain) loss on investments	(1,903,265)	2,633,208
Equity earnings in other investments	(4,992,028)	(2,746,023)
Provision (recovery) for doubtful accounts and returns	36,000	(369,460)
Gain on disposal of equipment	(2,017,193)	(479,459)
Changes in assets and liabilities:		
Trade receivables	(3,232,117)	1,840,976
Other receivables	2,288,802	(2,105,483)
Supplies inventory	857,481	627,219
Blood and blood components inventory	(353,043)	1,466,149
Prepaid expenses and other current assets	(1,551,329)	(61,633)
Other assets	(1,495,093)	643,630
Accounts payable	428,267	(3,126,877)
Accrued expenses	547,206	1,434,541
Deferred revenue	(35,781)	13,670
Due to related parties	117,411	161,031
Net cash provided by operating activities	17,177,553	8,107,075
Cash flows from investing activities:		
Purchases of property and equipment	(8,045,391)	(10,008,817)
Proceeds from sale of property and equipment	2,518,749	1,067,607
Purchases of investments	(94,491,148)	(82,032,726)
Proceeds from the sale and maturity of investments	87,079,071	86,949,970
Proceeds from the sale of certificates of deposit	-	253,400
Business acquisition	-	(5,821,722)
Proceeds from other investments	-	2,499,998
Purchase of other investments	-	(1,250,000)
Increase in restricted cash	(100,000)	(100,000)
Net cash used in investing activities	(13,038,719)	(8,442,290)
Cash flows used in financing activities:		
Principal payments on long-term debt	(988,000)	(962,000)
Net cash used in financing activities	(988,000)	(962,000)
Net increase (decrease) in cash and cash equivalents	3,150,834	(1,297,215)
Cash and cash equivalents:		
Beginning	8,823,454	10,120,669
Ending	$ 11,974,288	$ 8,823,454
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 429,441	$ 377,019
Supplemental disclosure of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable	$ 898,996	$ -

See 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. The Organization serves hospitals and health facilities throughout Florida, Georgia, Alabama 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 the Organization. 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.

Principles of consolidation: The consolidated financial statements include the accounts of OneBlood, Inc., OBF, a controlled affiliate of OneBlood, 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 financial statements in conformity with accounting principles generally accepted in the United States of America (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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition: The Organization recognizes revenue from blood and blood products when shipments to the customers occur. Revenues from processing fees are recognized in the period in which services are rendered.

Cash and cash equivalents: For purposes of the 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 workers' compensation self-insurance claims administrator.

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 $1,017,000 and $969,000 as of December 31, 2016 and 2015, respectively. Credit losses and returns of blood products are provided for in the financial statements and have historically been within management's expectations.

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

Investments and investment income: Investments are reported at fair value (see Note 4). 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. 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, mutual funds, money market funds and debt securities.

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 reflected in the caption equity earnings from investment 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.

Investee companies not accounted for under the consolidation or 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 sheet or statement of operations and changes in net assets. However, impairment charges are recognized in the consolidated statement 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 market. The cost of blood and blood components inventory is determined using a current year average combined collection, processing and distribution cost per unit produced. The cost of supplies inventory is determined by the first-in, first-out method.

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

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.

Business combination and goodwill: In accordance with the accounting guidance for *Business Combinations,* the identifiable assets acquired and liabilities assumed were generally recognized based on their estimated fair values. Management, in consultation with independent third party valuation experts, estimates fair values based upon assumptions they believed to be reasonable. These estimates are based on historical experience and information obtained from management. Critical estimates in valuing certain of the intangible assets include future expected cash flows from revenue, assumptions about the period of time the acquired intangible assets will continue to be used by the Organization and discount rates applied to the expected cash flows. During the measurement period, the Organization made adjustments to provisional amounts upon the availability of new information (see Note 3).

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. OneBlood is required to test goodwill associated with each of its reporting units for impairment at least annually and whenever events or circumstances indicate that it is more likely than not that goodwill may be impaired. OneBlood performs its annual goodwill impairment test as of December 31 of each year. Management determined that no goodwill was impaired as of December 31, 2016 and 2015.

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

Intangible assets: Intangible assets are initially recorded at their fair market values determined on quoted market prices in active markets, if available, or recognized valuation models. Intangible assets that have finite useful lives are amortized on a straight-line basis over their useful lives and are tested for impairment upon the occurrence of a triggering event. Intangible assets that have indefinite useful lives are not amortized but are tested at least annually for impairment or whenever events or circumstances indicate an impairment may have occurred. Management determined that no intangible assets were impaired at December 31, 2016 and 2015.

Deferred bond issue costs: Deferred bond issue 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, 2016 and 2015, approximately $202,000 and $210,000, respectively, of unamortized deferred bond issuance costs are included in non-current liabilities as a direct reduction of the related long-term debt. Amortization of bond issue costs was approximately $7,800 and $4,300 during the years ended December 31, 2016 and 2015, respectively, and is included in interest expense in the accompanying consolidated statements of operations and changes in net assets.

Classification of net assets: Contributions received are recorded as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted: Resources over which the Board of Directors (the Board) of the Organization has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose.

Temporarily restricted: Resources subject to donor imposed restrictions that will be satisfied by actions of the Organization or passage of time. Temporarily restricted net assets expended in the year of receipt are recognized as unrestricted contributions.

Permanently restricted: Resources subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

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 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.

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.

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

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, 2012, and prior.

Advertising: OneBlood expenses the costs of advertising as incurred. Advertising costs for the years ended December 31, 2016 and 2015, were approximately $154,000 and $241,000, 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 $2,194,000 and $1,976,000 for the years ended December 31, 2016 and 2015, respectively.

Recent accounting pronouncements: In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force),* which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Organization beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-05 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07, *Investments – Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*, which eliminates the requirement that an entity retroactively adopt the equity method of accounting when an investment qualifies for use of the equity method as a result of an increase in the level of ownership or degree of influence. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Earlier application is permitted. The Organization is currently evaluating the effect the adoption of this standard will have on its consolidated financial statements.

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

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which supersedes Topic 840, *Leases*. ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less for which there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and should recognize lease expense for such leases generally on a straight-line basis over the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP with key aspects of the guidance being aligned with the revenue recognition guidance in Topic 606, *Revenue from Contracts with Customers*. Certain qualitative disclosures along with specific quantitative disclosures will be required, so that users are able to understand more about the nature of an entity's leasing activities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. At transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients related to the identification and classification of leases that commenced before the effective date of ASU 2016-02. An entity that elects to use the practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Organization is currently evaluating the effect the adoption of this standard will have on its consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 850):* which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also limits certain disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. This ASU will be effective for fiscal years beginning after December 15, 2016. Early adoption is permitted and the amendments in ASU 2015-07 should be applied retrospectively to all periods presented. The Organization is currently evaluating the effect the adoption of this standard will have on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. The Organization has not evaluated the impact this ASU will have of the consolidated financial statements, nor have they selected a transition method.

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

Newly adopted accounting pronouncements: In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted, and retrospective application is required. The Organization has adopted this new guidance effective for the year ended December 31, 2016, and has applied changes retrospectively to all periods presented. The adoption of this guidance had no effect on the change in net assets for the years ended December 31, 2016 and 2015.

Reclassifications: Certain reclassifications have been made to the 2015 consolidated financial statements to conform with the 2016 consolidated financial statement presentation. Such reclassifications had no impact on change in net assets or net assets as previously reported.

Subsequent events: Management has evaluated subsequent events through April 26, 2017, the date on which the consolidated financial statements were available to be issued.

Note 2. Business Combination and Acquisition

On July 31, 2015, the Organization acquired a 100% ownership of The Blood Alliance, Inc. (TBA), an independent, not-for-profit 501(c)(3) blood center operating in Florida since 1942. As a result of the acquisition, the Organization is expected to increase their market share and customer base for blood products and related services in the Southeastern United States. It also expects to reduce fixed costs and increase margins through economies of scale. Goodwill of approximately $1,562,300, was recorded as part of the acquisition and consists largely of the synergies and economies of scale expected from combining the operations of TBA with OneBlood.

The following table summarizes the consideration paid for TBA and the amounts of the assets acquired and liabilities assumed at July 31, 2015:

Consideration:		
Cash	$	5,821,722
	$	5,821,722
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Accounts receivable	$	2,547,970
Prepaid expenses		235,010
Inventories		712,770
Property and equipment		973,758
Other assets		756,498
Identifiable intangible assets		1,671,700
Accounts payable		(902,814)
Other accrued expenses		(986,752)
Deferred compensation		(748,729)
		4,259,411
Goodwill		1,562,311
	$	5,821,722

Note 2. Business Combination and Acquisition (Continued)

The fair value of the acquired identifiable intangible assets of $1,671,700 consists of donor relationships and customer relationships. The fair value of each intangible asset was based on the use of the income approach, market approach, cost approach or combination of the three approaches. The valuation of the identifiable intangible assets was performed by a third party valuation specialist. This fair value measurement is based on significant inputs that are not observable in the market and, therefore, represents a Level 3 measurement as defined in Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures. Key assumptions include: (1) historical donor data over the prior five years, (2) donor recruitment, maintenance and retention expenses, (3) prospective customer growth based on an average customer relationship, a revenue discount rate of 11 percent and estimated customer growth rate of 2% and (4) employee related expenses for TBA's workforce as of July 31, 2015.

Note 3. Goodwill and Other Intangibles

Other intangibles consists of the following at December 31, 2016 and 2015:

	2016	2015
Customer relationships	$ 385,100	$ 385,100
Donor relationships	1,286,600	1,286,600
	1,671,700	1,671,700
Less accumulated amortization	473,646	139,306
	$ 1,198,054	$ 1,532,394

Amortization expense on other intangibles was approximately $334,300 and $147,000 for the years ended December 31, 2016 and 2015, respectively.

The estimated annual amortization expense for the years ending after December 31, 2016, is as follows:

Years ending December 31:	
2017	$ 334,340
2018	334,340
2019	334,340
2020	195,034
	$ 1,198,054

The following table represents the balance and changes in goodwill as of and for the years ended December 31, 2016 and 2015:

	2016	2015
Balance, beginning of year	$ 1,562,311	$ -
Goodwill recorded as a result of the TBA acquisition	-	1,562,311
Measurement adjustment to goodwill from results of operations	(188,067)	-
Balance, end of year	$ 1,374,244	$ 1,562,311

Note 4. Investments and Fair Value Measurements

Investments at fair value as of December 31, 2016 and 2015, consist of:

	2016	2015
Equity securities:		
Common stocks:		
S&P 500 stocks	$ 23,352,844	$ 21,486,365
Foreign stocks	13,967,289	13,397,430
S&P Midcap 400 stocks	7,462,290	5,408,783
OTC market stocks	3,553,214	2,518,790
	48,335,637	42,811,368
Mutual funds:		
Large cap funds	14,917,388	14,205,088
Bond funds	3,435,334	3,328,842
Mid cap funds	2,874,389	78,727
Conservative allocation funds	2,786,522	4,862,375
Growth funds	249,492	744,301
International funds	154,301	152,901
	24,417,426	23,372,234
Money market funds	2,944,010	3,132,850
Debt securities:		
Corporate debt securities	23,970,702	25,460,675
U.S. government securities	11,059,430	6,843,875
Foreign debt securities	1,630,806	1,537,422
Municipal debt securities	989,397	873,642
	37,650,335	34,715,614
	$ 113,347,408	$ 104,032,066

Unrestricted investment income (loss) was comprised of the following components for the years ended December 31, 2016 and 2015:

	2016	2015
Net realized and change in unrealized gains and losses from investments	$ 1,858,082	$ (2,633,208)
Interest and dividend income	2,872,127	2,302,910
	$ 4,730,209	$ (330,298)

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.

Note 4. 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 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 Input	Input Definition
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 are based on quoted market prices. Fair value of inactively traded debt securities are 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 are generally classified as Level 2.

Note 4. Investments and Fair Value Measurements (Continued)

The following tables present the fair value hierarchy for the balances of the financial and nonfinancial assets and liabilities of the Organization measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Common stocks:				
S&P 500 stocks	$ 23,352,844	$ -	$ -	$ 23,352,844
Foreign stocks	13,967,289	-	-	13,967,289
S&P Mid cap 400 stocks	7,462,290	-	-	7,462,290
OTC market stocks	3,553,214	-	-	3,553,214
	48,335,637	-	-	48,335,637
Mutual funds:				
Large cap funds	14,917,388	-	-	14,917,388
Bond funds	3,435,334	-	-	3,435,334
Mid cap funds	2,874,389	-	-	2,874,389
Conservative allocation funds	2,786,522	-	-	2,786,522
Growth funds	249,492	-	-	249,492
International funds	154,301	-	-	154,301
	24,417,426	-	-	24,417,426
Money market funds	2,944,010	-	-	2,944,010
Debt securities:				
Corporate debt securities	-	23,970,702	-	23,970,702
U.S. government securities	-	11,059,430	-	11,059,430
Foreign debt securities	-	1,630,806	-	1,630,806
Municipal debt securities	-	989,397	-	989,397
	-	37,650,335	-	37,650,335
	$ 75,697,073	$ 37,650,335	$ -	$ 113,347,408

Note 4. Investments and Fair Value Measurements (Continued)

	2015			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Common stocks:				
S&P 500 stocks	$ 21,486,365	$ -	$ -	$ 21,486,365
Foreign stocks	13,397,430	-	-	13,397,430
S&P Mid cap 400 stocks	5,408,783	-	-	5,408,783
OTC market stocks	2,518,790	-	-	2,518,790
	42,811,368	-	-	42,811,368
Mutual funds:				
Large cap funds	14,205,088	-	-	14,205,088
Conservative allocation funds	4,862,375	-	-	4,862,375
Bond funds	3,328,842	-	-	3,328,842
Growth funds	744,301	-	-	744,301
International funds	152,901	-	-	152,901
Mid cap funds	78,727	-	-	78,727
	23,372,234	-	-	23,372,234
Money market funds	3,132,850	-	-	3,132,850
Debt securities:				
Corporate debt securities	-	25,460,675	-	25,460,675
U.S. government securities	-	6,843,875	-	6,843,875
Foreign debt securities	-	1,537,422	-	1,537,422
Municipal debt securities	-	873,642	-	873,642
	-	34,715,614	-	34,715,614
	$ 69,316,452	$ 34,715,614	$ -	$ 104,032,066

Fair value of financial instruments: The fair value of certain of the Organization's financial instruments that are not measured at fair value, including cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable, accrued expenses and deferred revenue approximate the carrying amount because of the short-term nature of these instruments. The fair value of the Organization's debt is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. The estimated fair value of Organization's debt, as of December 31, 2016, approximated carrying value of the debt due to its proximity to current market rates for similar debt issues.

Note 5. Property and Equipment

Property and equipment consists of the following as of December 31, 2016 and 2015:

	2016	2015
Land	$ 19,667,604	$ 20,434,382
Buildings and improvements	105,300,567	106,531,948
Furniture and equipment	49,067,138	47,920,317
Automobiles and trucks	38,697,648	38,641,323
Computer equipment and software	38,204,435	34,351,101
Leasehold improvements	8,800,641	8,800,641
Construction in progress	898,996	-
	260,637,029	256,679,712
Less accumulated depreciation and amortization	152,018,666	143,843,713
	$ 108,618,363	$ 112,835,999

Depreciation expense for the years ended December 31, 2016 and 2015, was approximately $12,668,000 and $12,922,000, respectively.

Note 6. Other Investments

The Organization accounts for its investments in Creative Testing Solutions (CTS), HemeXcel Purchasing Alliance, LLC and HemeXcel Resources, LLC under the equity method. The Organization’s investment in iSpecimen, Inc. is 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
Creative Testing Solutions	January 1, 2010	Donor Testing Service	25%
HemeXcel Purchasing Alliance, LLC	August 26, 2013	Purchasing Group	20%
HemeXcel Resources, LLC	May 30, 2014	Distributor and Marketer of Blood Products	20%
iSpecimen, Inc.	August 22, 2014	Clinical Specimen Supplier	10%

Summary of investment balances for the respective entities as of and for the years ended December 31, 2016 and 2015, is as follows:

	2016	2015
Creative Testing Solutions	$ 22,010,172	$ 17,003,805
iSpecimen, Inc.	3,500,000	3,500,000
HemeXcel Purchasing Alliance, LLC	33,280	48,737
HemeXcel Resources, LLC	7,426	6,308
	$ 25,550,878	$ 20,558,850

Note 6. Other Investments (Continued)

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, 2016 and 2015, is as follows:

	2016	2015
Current assets	$ 112,216,656	$ 88,825,205
Current liabilities	31,879,130	27,764,362
Working capital	80,337,526	61,060,843
Noncurrent assets	7,906,358	7,229,598
Net assets	$ 88,243,884	$ 68,290,441

	2016	2015
Revenues	$ 239,412,853	$ 215,793,752
Operating expenses	(222,426,110)	(204,124,971)
Other income (expense)	2,966,700	(716,789)
Net income	$ 19,953,443	$ 10,951,992

Contributions to income (loss) of the investments accounted for under the equity method of accounting for the years ended December 31, 2016 and 2015, is as follows:

	2016	2015
Creative Testing Solutions	$ 5,006,432	$ 2,778,118
HemeXcel Purchasing Alliance, LLC	(15,456)	(32,017)
HemeXcel Resources, LLC	1,052	(78)
	$ 4,992,028	$ 2,746,023

Note 7. Accrued Expenses

Accrued expenses consists of the following as of December 31, 2016 and 2015:

	2016	2015
Vacation	$ 7,945,954	$ 7,640,271
Payroll and related benefits	5,470,544	5,783,892
Health and workers' compensation insurance (Note 14)	3,301,332	2,395,714
Retirement	1,709,363	1,974,415
Other	1,269,341	1,355,036
	$ 19,696,534	$ 19,149,328

Note 8. Long-Term Debt

Long-term debt as of December 31, 2016 and 2015, consists of the following:

	2016	2015
City of St. Petersburg, Florida:		
Health Care Facilities Revenue Bonds, Series 2013,	$ 42,117,000	$ 43,105,000
Less debt issuance costs	202,079	209,911
Less current portion of long-term debt	1,022,000	988,000
	$ 40,892,921	$ 41,907,089

In April 2013, the Organization issued Health Care 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.

The Bonds bear interest at a variable rate per annum equal to 67% of the one-month London Interbank Offered Rate (LIBOR) plus an applicable margin equal to 0.72% (1.13% as of December 31, 2016). The Bonds, which mature in April 2043, require annual principal payments which commenced in April 2014 and quarterly interest payments which commenced in July 2013. The financing agreement gives the lender the right to tender the bond on April 1, 2020, April 1, 2023, April 1, 2026, and April 1, 2029, at the outstanding principal balance thereof plus accrued interest thereon. The Bonds are collateralized by gross revenues and property. The Financing Agreement contains certain financial covenants including the maintenance of minimum unrestricted days cash on hand, an annual required debt service coverage ratio and a maximum debt to capitalization ratio limit.

Long-term debt maturities, which include the Series 2013 bonds, in each of the following five years and in the aggregate thereafter are as follows:

Years ending December 31:	
2017	$ 1,022,000
2018	1,054,000
2019	1,086,000
2020	1,116,000
2021	1,154,000
Thereafter	36,685,000
	$ 42,117,000

Note 9. Leases

The Organization leases land, equipment and office space in connection with its operations. These leases are accounted for as operating leases. Total lease expense incurred in connection with these lease agreements was approximately $5,567,000 and $6,130,000 during the years ended December 31, 2016 and 2015, respectively.

Note 9. Leases (Continued)

Future minimum lease payments under noncancelable operating leases are approximately as follows:

Years ending December 31:		
2017	$	5,187,012
2018		3,376,252
2019		2,186,584
2020		1,756,277
2021		1,515,694
Thereafter		696,572
	$	14,718,391

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 make contributions to the Plan at the date of hire and must be at least 18 years of age. Employees become eligible for employer match and discretionary funding on the 1st of the month after one year and at least 1,000 hours of service within a plan year. Eligible employees determine the individual contribution to the Plan and 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 funds an additional 3 percent of eligible compensation to all eligible participants.

The Blood Alliance 403(b) Retirement Plan: The Blood Alliance maintained a defined 403(b) contribution plan. Employees were eligible to participate in the plan on the first day of employment and a matching contribution was provided to all plan participants after one year of service. The plan was amended and restated July 1, 2015, to exclude employees from the OneBlood 403(b) Retirement Plan as they continued to participate in The Blood Alliance plan until it was merged into the OneBlood 403(b) Retirement Plan on January 1, 2016. All other plan provisions (including the company match) remained unchanged until the plan merger. All participant accounts were transferred to the OneBlood 403(b) Retirement Plan, and all vested benefits were carried over.

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.

The Organization recorded approximately $4,987,000 and $4,992,000 of expenses related to the retirement plans noted above during the years ended December 31, 2016 and 2015, respectively.

Note 11. Related Party Transactions

The following is a summary of the transactions between the Organization and CTS as of December 31, 2016 and 2015, and for the years ended December 31, 2016 and 2015:

	2016	2015
Due to CTS	$ 3,077,731	$ 2,960,320
Testing services provided by CTS	38,145,635	34,889,000
Lease and services revenue from CTS	1,653,204	2,003,786

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 commenced on January 1, 2010 and expires 10 years following the aforementioned commencement date. The Organization leases approximately 29,000 square feet of building space to CTS, with monthly payments of approximately $68,000. 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 $2,086,000 and $2,200,000 as of December 31, 2016 and 2015, 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, 2016:

Years ending December 31:	
2017	$ 837,300
2018	862,400
2019	888,300
	$ 2,588,000

Note 12. Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are associated with OBF (see Note 1).

Temporarily restricted net assets of OBF as of December 31, 2016 and 2015, consisted of the following:

	2016	2015
Investments	$ 1,075,035	$ 1,005,243
Other assets	39,186	41,196
	$ 1,114,221	$ 1,046,439

During the year ended December 31, 2015, temporarily restricted net assets of $46,544 were released from restriction.

Note 12. Temporarily and Permanent Restricted Net Assets (Continued)

Permanently restricted net assets of OBF as of December 31, 2016 and 2015, consisted of the following:

	2016	2015
Investments	$ 31,500	$ 31,500

Temporarily restricted net assets have been restricted by the donor for use in specific programs.

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.

	2016		
	Program Services	Supporting Services General and Administration	Total
Salaries and benefit costs	$ 129,371,061	$ 14,374,562	$ 143,745,623
Medical supplies and testing services	84,338,406	-	84,338,406
Other operating expenses	54,342,475	5,498,302	59,840,777
Depreciation and amortization	11,709,424	1,301,047	13,010,471
	$ 279,761,366	$ 21,173,911	$ 300,935,277

	2015		
	Program Services	Supporting Services General and Administration	Total
Salaries and benefit costs	$ 128,029,073	$ 14,225,452	$ 142,254,525
Medical supplies and testing services	80,981,896	-	80,981,896
Other operating expenses	50,549,800	5,562,564	56,112,364
Depreciation and amortization	11,761,978	1,306,887	13,068,865
	$ 271,322,747	$ 21,094,903	$ 292,417,650

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 health care plan. In addition, the Organization is self-insured for workers' compensation. Reinsurance, covering costs above $250,000 per plan, per individual per plan year is maintained through a commercial excess coverage policy. Undiscounted estimated reserves for claims incurred but not yet reported totaled approximately $3,301,000 and $2,395,000 at December 31, 2016 and 2015, respectively, and are included in accrued expenses (see Note 7) in the accompanying consolidated balance sheets.

Note 14. Commitments and Contingencies (Continued)

Professional liability: The Organization is, from time to time, subject to claims and suits for damages, including 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 of $10,000,000 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. Subsequent Events

During January 2017, the Organization invested $2,500,000 in a privately owned company in exchange for an equity interest in that company.

Independent Auditor's Report on the Supplementary Information

To the 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, 2016 and 2015, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1. 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 26, 2017

OneBlood, Inc.

Consolidating Balance Sheet
December 31, 2016

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	$ 11,278,840	$ 695,448	$ -	$ 11,974,288
Restricted cash	700,000	-	-	700,000
Investments	111,641,899	1,705,509	-	113,347,408
Receivables:				
Trade receivable, net	35,731,355	-	-	35,731,355
Other	984,904	-	-	984,904
Supplies inventory	4,827,016	-	-	4,827,016
Blood and blood components inventory	3,872,204	-	-	3,872,204
Prepaid expenses and other current assets	4,718,825	-	-	4,718,825
Total current assets	173,755,043	2,400,957	-	176,156,000
Property and equipment, net	108,618,363	-	-	108,618,363
Other investments	22,050,878	3,500,000	-	25,550,878
Goodwill	1,374,244	-	-	1,374,244
Intangible assets	1,198,054	-	-	1,198,054
Other assets	7,960,760	70,898	(5,971,645)	2,060,013
	$ 314,957,342	$ 5,971,855	$ (5,971,645)	$ 314,957,552
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	$ 1,022,000	$ -	$ -	$ 1,022,000
Accounts payable	10,615,882	210	-	10,616,092
Accrued expenses	19,696,534	-	-	19,696,534
Deferred revenue	611,139	-	-	611,139
Due to related parties	3,077,731	-	-	3,077,731
Total current liabilities	35,023,286	210	-	35,023,496
Long-term liabilities:				
Long-term debt, net of current portion and unamortized bond acquisition costs	40,892,921	-	-	40,892,921
Total liabilities	75,916,207	210	-	75,916,417
Net assets:				
Unrestricted	237,895,414	4,825,924	(4,825,924)	237,895,414
Temporarily restricted	1,114,221	1,114,221	(1,114,221)	1,114,221
Permanently restricted	31,500	31,500	(31,500)	31,500
	239,041,135	5,971,645	(5,971,645)	239,041,135
Total liabilities and net assets	$ 314,957,342	$ 5,971,855	$ (5,971,645)	$ 314,957,552

See independent auditor’s report on the supplementary information.

OneBlood, Inc.

Consolidating Balance Sheet
December 31, 2015

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	$ 8,059,406	$ 764,048	$ -	$ 8,823,454
Restricted cash	600,000	-	-	600,000
Investments	104,820,031	1,594,591	(2,382,556)	104,032,066
Receivables:				
Trade receivable, net	32,535,238	-	-	32,535,238
Other	3,271,271	2,435	-	3,273,706
Supplies inventory	5,684,497	-	-	5,684,497
Blood and blood components inventory	3,519,161	-	-	3,519,161
Prepaid expenses and other current assets	3,167,496	-	-	3,167,496
Total current assets	161,657,100	2,361,074	(2,382,556)	161,635,618
Property and equipment, net	112,835,999	-	-	112,835,999
Other investments	17,058,850	3,500,000	-	20,558,850
Goodwill	1,562,311	-	-	1,562,311
Intangible assets	1,532,394	-	-	1,532,394
Other assets	3,863,203	69,283	(3,547,801)	384,685
	$ 298,509,857	$ 5,930,357	$ (5,930,357)	$ 298,509,857
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	$ 988,000	$ -	$ -	$ 988,000
Accounts payable	9,288,829	-	-	9,288,829
Accrued expenses	19,149,328	-	-	19,149,328
Deferred revenue	646,920	-	-	646,920
Due to related parties	2,960,320	3,547,801	(3,547,801)	2,960,320
Total current liabilities	33,033,397	3,547,801	(3,547,801)	33,033,397
Long-term liabilities:				
Long-term debt, net of current portion and unamortized bond acquisition costs	41,907,089	-	-	41,907,089
Total liabilities	74,940,486	3,547,801	(3,547,801)	74,940,486
Net assets:				
Unrestricted	222,491,432	1,304,617	(1,304,617)	222,491,432
Temporarily restricted	1,046,439	1,046,439	(1,046,439)	1,046,439
Permanently restricted	31,500	31,500	(31,500)	31,500
	223,569,371	2,382,556	(2,382,556)	223,569,371
	$ 298,509,857	$ 5,930,357	$ (5,930,357)	$ 298,509,857

See independent auditor’s report on the supplementary information.

OneBlood, Inc.

Consolidating Statement of Operations and Changes in Net Assets
Year Ended December 31, 2016

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Operating revenues:				
Red blood cells, net	$ 151,249,320	$ -	$ -	$ 151,249,320
Platelets, net	74,208,968	-	-	74,208,968
Plasma revenues, net	32,481,509	-	-	32,481,509
Compatibility testing	34,256,272	-	-	34,256,272
Other products and services	10,523,161	105,994	-	10,629,155
Total operating revenues	302,719,230	105,994	-	302,825,224
Operating expenses:				
Salaries and benefit costs	143,745,623	-	-	143,745,623
Medical supplies and testing services	84,338,406	-	-	84,338,406
Other operating expenses	59,654,161	186,616	-	59,840,777
Depreciation and amortization	13,010,471	-	-	13,010,471
Total operating expenses	300,748,661	186,616	-	300,935,277
Gain on disposition of property and equipment, net	2,017,193	-	-	2,017,193
Operating income (loss)	3,987,762	(80,622)	-	3,907,140
Nonoperating revenue and expense:				
Investment income (loss), net	4,717,369	46,026	(33,186)	4,730,209
Equity earnings from investment	4,992,028	-	-	4,992,028
Lease and service revenue	1,653,204	-	-	1,653,204
Interest expense	(452,223)	-	-	(452,223)
Other, net	573,624	-	-	573,624
Total nonoperating revenue and expense	11,484,002	46,026	(33,186)	11,496,842
Net assets released from restrictions	-	-	-	-
Increase (decrease) in unrestricted net assets	15,471,764	(34,596)	(33,186)	15,403,982
Temporarily restricted revenues and expenses:				
Realized gain on sale of investments	-	9,224	-	9,224
Unrealized gain on investments	-	45,183	-	45,183
Interest and dividend income	-	13,375	-	13,375
Net assets released from restrictions	-	-	-	-
Increase in temporarily restricted net assets	-	67,782	-	67,782
Change in net assets	15,471,764	33,186	(33,186)	15,471,764
Net assets:				
Beginning of year	223,569,371	2,382,556	(2,382,556)	223,569,371
End of year	$ 239,041,135	$ 2,415,742	$ (2,415,742)	$ 239,041,135

See independent auditor’s report on the supplementary information.

OneBlood, Inc.

Consolidating Statement of Operations and Changes in Net Assets
Year Ended December 31, 2015

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Operating revenues:				
Red blood cells, net	$ 143,307,685	$ -	$ -	$ 143,307,685
Platelets, net	66,765,086	-	-	66,765,086
Plasma revenues, net	30,057,078	-	-	30,057,078
Compatibility testing	33,325,131	-	-	33,325,131
Other products and services	8,769,258	80,926	-	8,850,184
Total operating revenues	282,224,238	80,926	-	282,305,164
Operating expenses:				
Salaries and benefit costs	142,254,525	-	-	142,254,525
Medical supplies and testing services	80,981,896	-	-	80,981,896
Other operating expenses	56,052,441	59,923	-	56,112,364
Depreciation and amortization	13,068,865	-	-	13,068,865
Total operating expenses	292,357,727	59,923	-	292,417,650
Gain on disposition of property and equipment, net	479,459	-	-	479,459
Operating (loss) income	(9,654,030)	21,003	-	(9,633,027)
Nonoperating revenue and expense:				
Investment loss, net	(275,005)	(48,508)	(6,785)	(330,298)
Equity earnings from investment	2,746,023	-	-	2,746,023
Lease and service revenue	2,003,786	-	-	2,003,786
Interest expense	(377,106)	-	-	(377,106)
Other, net	663,053	(27,952)	27,952	663,053
Total nonoperating revenue and expense	4,760,751	(76,460)	21,167	4,705,458
Net assets released from restrictions	-	46,544	-	46,544
(Decrease) increase in unrestricted net assets	(4,893,279)	(8,913)	21,167	(4,881,025)
Temporarily restricted revenues and expenses:				
Realized gain on sale of investments	-	15,215	-	15,215
Unrealized loss on investments	-	(975)	-	(975)
Interest and dividend income	-	20,050	-	20,050
Net assets released from restrictions	-	(46,544)	-	(46,544)
Decrease in temporarily restricted net assets	-	(12,254)	-	(12,254)
Change in net assets	(4,893,279)	(21,167)	21,167	(4,893,279)
Net assets:				
Beginning of year	228,462,650	2,403,723	(2,403,723)	228,462,650
End of year	$ 223,569,371	$ 2,382,556	$ (2,382,556)	$ 223,569,371

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