

OneBlood, Inc.

Consolidated Financial Report
December 31, 2017

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Independent Auditor's Report

RSM US LLP

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, 2017 and 2016, 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, 2017 and 2016, 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
May 4, 2018

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OneBlood, Inc.

Consolidated Balance Sheets
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,981,286	\$ 11,974,288
Restricted cash	1,170,000	700,000
Investments	129,683,818	113,347,408
Receivables:		
Trade receivables, net	39,662,894	35,731,355
Other	1,101,692	984,904
Current portion of note receivable from related party	683,594	-
Supplies inventory	4,807,591	4,827,016
Blood and blood components inventory	4,173,224	3,872,204
Prepaid expenses and other current assets	4,467,711	4,718,825
Total current assets	192,731,810	176,156,000
Note receivable from related party, net of current portion	2,895,545	-
Property and equipment, net	106,309,218	108,618,363
Other investments	29,678,924	25,550,878
Goodwill	1,374,244	1,374,244
Intangible assets, net	863,714	1,198,054
Other assets	928,991	2,060,013
Total assets	\$ 334,782,446	\$ 314,957,552
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 1,054,000	\$ 1,022,000
Accounts payable	10,614,892	10,616,092
Accrued expenses	20,217,804	19,696,534
Deferred revenue	552,713	611,139
Due to related parties	3,119,282	3,077,731
Total current liabilities	35,558,691	35,023,496
Long-term liabilities:		
Long-term debt, net of current portion and unamortized bond acquisition costs	39,843,252	40,892,921
Total liabilities	75,401,943	75,916,417
Commitments and contingencies (Notes 8, 9, 10 and 13)		
Net assets:		
Unrestricted	258,066,816	237,895,414
Temporarily restricted	1,282,187	1,114,221
Permanently restricted	31,500	31,500
Total net assets	259,380,503	239,041,135
Total liabilities and net assets	\$ 334,782,446	\$ 314,957,552

See notes to consolidated financial statements.

OneBlood, Inc.

**Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2017 and 2016**

	2017	2016
Operating revenues:		
Red blood cells, net	\$ 147,507,537	\$ 151,249,320
Platelets, net	73,677,624	74,208,968
Plasma revenues, net	34,447,010	32,481,509
Testing services	33,587,064	34,256,272
Other products and services	9,766,093	10,629,155
Total operating revenues	298,985,328	302,825,224
Operating expenses:		
Salaries and benefit costs	148,517,400	143,745,623
Medical supplies and testing services	80,357,156	84,338,406
Other operating expenses	63,500,022	59,840,777
Depreciation and amortization	13,005,262	13,010,471
Total operating expenses	305,379,840	300,935,277
Gain on disposal of property and equipment, net	1,016,082	2,017,193
Operating (loss) income	(5,378,430)	3,907,140
Nonoperating revenue and expense:		
Investment income, net	16,064,169	4,730,209
Equity earnings from other investments	7,719,828	4,992,028
Lease and service revenue	1,663,384	1,653,204
Interest expense	(601,802)	(452,223)
Other, net	704,253	573,624
Total nonoperating revenue and expense	25,549,832	11,496,842
Increase in unrestricted net assets	20,171,402	15,403,982
Temporarily restricted revenues and expenses:		
Realized gain on sale of investments	22,862	9,224
Unrealized gain on investments	128,377	45,183
Interest and dividend income	16,727	13,375
Increase in temporarily restricted net assets	167,966	67,782
Change in net assets	20,339,368	15,471,764
Net assets:		
Beginning of year	239,041,135	223,569,371
End of year	\$ 259,380,503	\$ 239,041,135

See notes to consolidated financial statements.

OneBlood, Inc.

**Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 20,339,368	\$ 15,471,764
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,005,262	13,010,471
Net unrealized gain on investments	(10,343,543)	(1,903,265)
Equity earnings from other investments	(7,719,828)	(4,992,028)
Provision (recovery) for doubtful accounts and returns	-	36,000
Gain on disposal of equipment	(1,016,082)	(2,017,193)
Changes in assets and liabilities:		
Trade receivables	(3,931,539)	(3,232,117)
Other receivables	(116,788)	2,288,802
Supplies inventory	19,425	857,481
Blood and blood components inventory	(301,020)	(353,043)
Prepaid expenses and other current assets	251,114	(1,551,329)
Other assets	1,127,521	(1,495,093)
Accounts payable	(832,173)	428,267
Accrued expenses	521,270	547,206
Deferred revenue	(58,426)	(35,781)
Due to related parties	41,551	117,411
Net cash provided by operating activities	10,986,112	17,177,553
Cash flows from investing activities:		
Purchases of property and equipment	(10,745,521)	(8,045,391)
Proceeds from sale of property and equipment	2,238,631	2,518,749
Purchases of investments	(157,936,112)	(94,491,148)
Proceeds from the sale and maturity of investments	151,943,245	87,079,071
Proceeds from other investments - return of capital	5,212,643	-
Purchase of other investments	(5,200,000)	-
Increase in restricted cash	(470,000)	(100,000)
Net cash used in investing activities	(14,957,114)	(13,038,719)
Cash flows used in financing activities:		
Principal payments on long-term debt	(1,022,000)	(988,000)
Net cash used in financing activities	(1,022,000)	(988,000)
Net (decrease) increase in cash and cash equivalents	(4,993,002)	3,150,834
Cash and cash equivalents:		
Beginning	11,974,288	8,823,454
Ending	\$ 6,981,286	\$ 11,974,288
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 555,886	\$ 429,441
Supplemental disclosure of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable	\$ 1,729,969	\$ 898,996
Supplemental disclosure of noncash investing activities:		
Note receivable for accumulated earnings on other investments	\$ 3,579,139	\$ -

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 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.

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 consolidated 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 consolidated 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 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 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 \$1,075,000 and \$1,017,000 as of December 31, 2017 and 2016, respectively. Credit losses and returns of blood products are provided for in the consolidated financial statements and have historically been within management's expectations.

Notes to Consolidated Financial Statements

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

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. 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 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.

Notes to Consolidated Financial Statements

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.

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. 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, 2017 and 2016.

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, 2017 and 2016.

Notes to Consolidated Financial Statements

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

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, 2017 and 2016, approximately \$198,000 and \$202,000, 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 \$4,300 and \$7,800 during the years ended December 31, 2017 and 2016, 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 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 Company noted no events or changes in circumstances indicative of potential impairment for either of the years ending December 31, 2017 and 2016.

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.

Notes to 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, 2013, and prior.

Advertising: OneBlood expenses the costs of advertising as incurred. Advertising costs for the years ended December 31, 2017 and 2016, were approximately \$212,000 and \$154,000, 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 \$1,658,000 and \$2,194,000 for the years ended December 31, 2017 and 2016, 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.

Notes to 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 January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments—Overall, Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments in ASU No. 2016-01 provide guidance on certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The amendments require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value, with changes in fair value recognized in net income. The amendments simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The amendments require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes and require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements. The amendments of ASU No. 2016-01 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Organization is currently evaluating the effect the adoption of this standard will have on its consolidated financial statements. The Organization elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein.

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 on the consolidated financial statements, nor has it selected a transition method.

OneBlood, Inc.

Notes to Consolidated Financial Statements

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

Subsequent events: Management has evaluated subsequent events through May 4, 2018, the date on which the consolidated financial statements were available to be issued.

Note 2. Goodwill and Intangible Assets

Intangible assets consists of the following at December 31, 2017 and 2016:

	2017	2016
Customer relationships	\$ 385,100	\$ 385,100
Donor relationships	1,286,600	1,286,600
	<u>1,671,700</u>	<u>1,671,700</u>
Less accumulated amortization	807,986	473,646
	<u>\$ 863,714</u>	<u>\$ 1,198,054</u>

Amortization expense on other intangibles was approximately \$334,300 for the years ended December 31, 2017 and 2016.

The estimated annual amortization expense for the years ending after December 31, 2017, is as follows:

Years ending December 31:		
2018		\$ 334,340
2019		334,340
2020		195,034

The following table represents the balance and changes in goodwill as of and for the years ended December 31, 2017 and 2016:

	2017	2016
Balance, beginning of year	\$ 1,374,244	\$ 1,562,311
Measurement adjustment to goodwill from results of operations	-	(188,067)
Balance, end of year	<u>\$ 1,374,244</u>	<u>\$ 1,374,244</u>

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

Investments at fair value as of December 31, 2017 and 2016, consist of:

	2017	2016
Equity securities:		
Common stocks:		
S&P 500 stocks	\$ 14,538,420	\$ 23,352,844
Foreign stocks	20,784,284	13,967,289
S&P Midcap 400 stocks	9,812,961	7,462,290
OTC market stocks	6,304,395	3,553,214
	<u>51,440,060</u>	<u>48,335,637</u>
Mutual funds:		
Large cap funds	563,763	14,917,388
Bond funds	3,693,315	3,435,334
Mid cap funds	101,069	2,874,389
Conservative allocation funds	4,914,145	2,786,522
Growth funds	30,191,862	249,492
International funds	202,165	154,301
	<u>39,666,319</u>	<u>24,417,426</u>
Money market funds	<u>2,325,090</u>	<u>2,944,010</u>
Debt securities:		
Corporate debt securities	25,768,954	23,970,702
U.S. government securities	7,840,079	11,059,430
Foreign debt securities	1,084,333	1,630,806
Municipal debt securities	1,558,983	989,397
	<u>36,252,349</u>	<u>37,650,335</u>
	<u>\$ 129,683,818</u>	<u>\$ 113,347,408</u>

Unrestricted investment income was comprised of the following components for the years ended December 31, 2017 and 2016:

	2017	2016
Net realized and change in unrealized gains and losses from investments	\$ 13,381,942	\$ 1,858,082
Interest and dividend income	2,682,227	2,872,127
	<u>\$ 16,064,169</u>	<u>\$ 4,730,209</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 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 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 and nonfinancial assets and liabilities of the Organization measured at fair value on a recurring basis as of December 31, 2017 and 2016:

	2017			Total
	Level 1	Level 2	Level 3	
Equity securities:				
Common stocks:				
S&P 500 stocks	\$ 14,538,420	\$ -	\$ -	\$ 14,538,420
Foreign stocks	20,784,284	-	-	20,784,284
S&P Mid cap 400 stocks	9,812,961	-	-	9,812,961
OTC market stocks	6,304,395	-	-	6,304,395
	<u>51,440,060</u>	<u>-</u>	<u>-</u>	<u>51,440,060</u>
Mutual funds:				
Large cap funds	563,763	-	-	563,763
Bond funds	3,693,315	-	-	3,693,315
Mid cap funds	101,069	-	-	101,069
Conservative allocation funds	4,914,145	-	-	4,914,145
Growth funds	30,191,862	-	-	30,191,862
International funds	202,165	-	-	202,165
	<u>39,666,319</u>	<u>-</u>	<u>-</u>	<u>39,666,319</u>
Money market funds	<u>2,325,090</u>	<u>-</u>	<u>-</u>	<u>2,325,090</u>
Debt securities:				
Corporate debt securities	-	25,768,954	-	25,768,954
U.S. government securities	-	7,840,079	-	7,840,079
Foreign debt securities	-	1,084,333	-	1,084,333
Municipal debt securities	-	1,558,983	-	1,558,983
	<u>-</u>	<u>36,252,349</u>	<u>-</u>	<u>36,252,349</u>
	<u>\$ 93,431,469</u>	<u>\$ 36,252,349</u>	<u>\$ -</u>	<u>\$ 129,683,818</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

	2016			Total
	Level 1	Level 2	Level 3	
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
	<u>48,335,637</u>	<u>-</u>	<u>-</u>	<u>48,335,637</u>
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
	<u>24,417,426</u>	<u>-</u>	<u>-</u>	<u>24,417,426</u>
Money market funds	<u>2,944,010</u>	<u>-</u>	<u>-</u>	<u>2,944,010</u>
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
	<u>-</u>	<u>37,650,335</u>	<u>-</u>	<u>37,650,335</u>
	<u>\$ 75,697,073</u>	<u>\$ 37,650,335</u>	<u>\$ -</u>	<u>\$ 113,347,408</u>

OneBlood, Inc.**Notes to Consolidated Financial Statements****Note 4. Property and Equipment**

Property and equipment consists of the following as of December 31, 2017 and 2016:

	2017	2016
Land	\$ 18,903,040	\$ 19,667,604
Buildings and improvements	105,495,793	105,300,567
Furniture and equipment	52,264,726	49,067,138
Automobiles and trucks	39,322,939	38,697,648
Computer equipment and software	42,043,395	38,204,435
Leasehold improvements	8,800,641	8,800,641
Construction in progress	1,729,969	898,996
	<u>268,560,503</u>	<u>260,637,029</u>
Less accumulated depreciation and amortization	162,251,285	152,018,666
	<u>\$ 106,309,218</u>	<u>\$ 108,618,363</u>

Depreciation expense for the years ended December 31, 2017 and 2016, was approximately \$12,663,000 and \$12,668,000, respectively.

Note 5. 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 investments in iSpecimen, Inc. and HemaCare Corporation 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
Creative Testing Solutions	January 1, 2010	Donor Testing Service	25%
HemeXcel Purchasing Alliance, LLC	August 26, 2013	Purchasing Group	25%
HemeXcel Resources, LLC	May 30, 2014	Distributor and Marketer of Blood Products	25%
iSpecimen, Inc.	August 22, 2014	Clinical Specimen Supplier	10%
HemaCare Corporation	January 6, 2017	Bioresearch Products and Services	9%

Summary of investment balances for the respective entities as of and for the years ended December 31, 2017 and 2016, is as follows:

	2017	2016
Creative Testing Solutions	\$ 20,785,604	\$ 22,010,172
iSpecimen, Inc.	4,950,000	3,500,000
HemaCare Corporation	3,750,000	-
HemeXcel Purchasing Alliance, LLC	189,784	33,280
HemeXcel Resources, LLC	3,536	7,426
	<u>\$ 29,678,924</u>	<u>\$ 25,550,878</u>

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

Note 5. 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, 2017 and 2016, is as follows:

	2017	2016
Current assets	\$ 142,795,474	\$ 112,216,656
Current liabilities	137,204,918	31,879,130
Working capital	<u>5,590,556</u>	<u>80,337,526</u>
Noncurrent assets	6,737,000	7,906,358
Noncurrent liabilities	11,582,180	-
Net assets	<u>\$ 745,376</u>	<u>\$ 88,243,884</u>
	2017	2016
Revenues	\$ 247,575,126	\$ 239,412,853
Operating expenses	(222,357,298)	(222,426,110)
Other income	5,661,486	2,966,700
Net income	<u>\$ 30,879,314</u>	<u>\$ 19,953,443</u>

Contributions to income (loss) of the investments accounted for under the equity method of accounting for the years ended December 31, 2017 and 2016, is as follows:

	2017	2016
Creative Testing Solutions	\$ 7,567,214	\$ 5,006,432
HemeXcel Purchasing Alliance, LLC	156,504	(15,456)
HemeXcel Resources, LLC	(3,890)	1,052
	<u>\$ 7,719,828</u>	<u>\$ 4,992,028</u>

Note 6. Accrued Expenses

Accrued expenses consists of the following as of December 31, 2017 and 2016:

	2017	2016
Vacation	\$ 8,201,046	\$ 7,945,954
Payroll and related benefits	5,401,116	5,470,544
Health and workers' compensation insurance (Note 13)	3,901,972	3,301,332
Retirement	1,907,026	1,709,363
Other	806,644	1,269,341
	<u>\$ 20,217,804</u>	<u>\$ 19,696,534</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 7. Long-Term Debt

Long-term debt as of December 31, 2017 and 2016, consists of the following:

	<u>2017</u>	<u>2016</u>
City of St. Petersburg, Florida:		
Health Care Facilities Revenue Bonds, Series 2013,	\$ 41,095,000	\$ 42,117,000
Less debt issuance costs	197,748	202,079
Less current portion of long-term debt	1,054,000	1,022,000
	<u>\$ 39,843,252</u>	<u>\$ 40,892,921</u>

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% (1.55% as of December 31, 2017). The Bonds, which mature in April 2043, require annual principal payments and quarterly interest payments. 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:	
2018	\$ 1,054,000
2019	1,086,000
2020	1,116,000
2021	1,154,000
2022	1,190,000
Thereafter	35,495,000
	<u>\$ 41,095,000</u>

Note 8. 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 \$5,787,000 and \$5,567,000 during the years ended December 31, 2017 and 2016, respectively.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 8. Leases (Continued)

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

Years ending December 31:	
2018	\$ 5,612,000
2019	3,915,000
2020	3,010,000
2021	2,597,000
2022	1,528,000
Thereafter	1,794,000
	<u>\$ 18,456,000</u>

Note 9. 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% 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.

The Organization recorded approximately \$4,905,000 and \$4,987,000 of expenses related to the retirement plans noted above during the years ended December 31, 2017 and 2016, respectively.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 10. Related Party Transactions

The following is a summary of the transactions between the Organization and CTS as of December 31, 2017 and 2016, and for the years ended December 31, 2017 and 2016:

	2017	2016
Due to CTS	\$ 3,119,282	\$ 3,077,731
Testing services provided by CTS	39,871,441	38,145,635
Lease and services revenue from CTS	1,663,384	1,653,204
Note receivable from CTS	3,579,139	-

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 \$70,000. 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 \$1,972,000 and \$2,086,000 as of December 31, 2017 and 2016, 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, 2017:

Years ending December 31:	
2018	\$ 862,400
2019	888,300
	<u>\$ 1,750,700</u>

On December 29, 2017, CTS issued a promissory note (the Note) to the Organization as part of CTS' membership restructuring agreement. The Note carries a principal balance of \$3,579,139 for the purpose of distributing to the Organization all accumulated earnings on their respective membership share in CTS. The Note bears interest at a variable rate per annum equal to LIBOR as measured on October 1st of each calendar year, plus 1.05% (2.28% as of December 31, 2017), compounded annually until maturity. The Note, which matures in December 2022, requires monthly payments of principal and interest, commencing on January 31, 2018.

Note 11. 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, 2017 and 2016, consisted of the following:

	2017	2016
Investments	\$ 1,238,992	\$ 1,075,035
Other assets	43,195	39,186
	<u>\$ 1,282,187</u>	<u>\$ 1,114,221</u>

There were no assets released from restrictions during the years ended December 31, 2017 and 2016.

OneBlood, Inc.**Notes to Consolidated Financial Statements****Note 11. Temporarily and Permanent Restricted Net Assets (Continued)**

Permanently restricted net assets of OBF as of December 31, 2017 and 2016, consisted of the following:

	2017	2016
Investments	\$ 31,500	\$ 31,500

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

Note 12. 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.

	2017		
	Program Services	Supporting Services General and Administration	Total
Salaries and benefit costs	\$ 133,665,660	\$ 14,851,740	\$ 148,517,400
Medical supplies and testing services	80,357,156	-	80,357,156
Other operating expenses	57,691,222	5,808,800	63,500,022
Depreciation and amortization	11,704,736	1,300,526	13,005,262
	<u>\$ 283,418,774</u>	<u>\$ 21,961,066</u>	<u>\$ 305,379,840</u>
	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
	<u>\$ 279,761,366</u>	<u>\$ 21,173,911</u>	<u>\$ 300,935,277</u>

Note 13. 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 \$3,902,000 and \$3,301,000 at December 31, 2017 and 2016, respectively, and are included in accrued expenses (see Note 6) in the accompanying consolidated balance sheets.

Notes to Consolidated Financial Statements

Note 13. 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 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.



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, 2017 and 2016, 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
May 4, 2018

OneBlood, Inc.

**Consolidating Balance Sheet
December 31, 2017**

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 6,153,087	\$ 828,199	\$ -	\$ 6,981,286
Restricted cash	1,170,000	-	-	1,170,000
Investments	127,716,814	1,967,004	-	129,683,818
Receivables:				
Trade receivable, net	39,662,894	-	-	39,662,894
Other	1,101,687	5	-	1,101,692
Current portion of note receivable from related party	683,594	-	-	683,594
Supplies inventory	4,807,591	-	-	4,807,591
Blood and blood components inventory	4,173,224	-	-	4,173,224
Prepaid expenses and other current assets	4,467,711	-	-	4,467,711
Total current assets	189,936,602	2,795,208	-	192,731,810
Note receivable from related party, net of current portion	2,895,545	-	-	2,895,545
Property and equipment, net	106,309,218	-	-	106,309,218
Other investments	20,978,924	8,700,000	-	29,678,924
Goodwill	1,374,244	-	-	1,374,244
Intangible assets, net	863,714	-	-	863,714
Other assets	12,424,274	74,918	(11,570,201)	928,991
Total assets	\$ 334,782,521	\$ 11,570,126	\$ (11,570,201)	\$ 334,782,446
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 1,054,000	\$ -	\$ -	\$ 1,054,000
Accounts payable	10,614,892	-	-	10,614,892
Accrued expenses	20,217,804	-	-	20,217,804
Deferred revenue	552,713	-	-	552,713
Due to related parties	3,119,357	(75)	-	3,119,282
Total current liabilities	35,558,766	(75)	-	35,558,691
Long-term liabilities:				
Long-term debt, net of current portion and unamortized bond acquisition costs	39,843,252	-	-	39,843,252
Total liabilities	75,402,018	(75)	-	75,401,943
Net assets:				
Unrestricted	258,066,816	10,256,514	(10,256,514)	258,066,816
Temporarily restricted	1,282,187	1,282,187	(1,282,187)	1,282,187
Permanently restricted	31,500	31,500	(31,500)	31,500
Total net assets	259,380,503	11,570,201	(11,570,201)	259,380,503
Total liabilities and net assets	\$ 334,782,521	\$ 11,570,126	\$ (11,570,201)	\$ 334,782,446

See independent auditor's report on the supplementary information.

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, net	1,198,054	-	-	1,198,054
Other assets	7,960,760	70,898	(5,971,645)	2,060,013
Total assets	\$ 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
Total net assets	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 Statement of Operations and Changes in Net Assets
Year Ended December 31, 2017**

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Operating revenues:				
Red blood cells, net	\$ 147,507,537	\$ -	\$ -	\$ 147,507,537
Platelets, net	73,677,624	-	-	73,677,624
Plasma revenues, net	34,447,010	-	-	34,447,010
Testing services	33,587,064	-	-	33,587,064
Other products and services	9,541,564	224,529	-	9,766,093
Total operating revenues	298,760,799	224,529	-	298,985,328
Operating expenses:				
Salaries and benefit costs	148,517,400	-	-	148,517,400
Medical supplies and testing services	80,357,156	-	-	80,357,156
Other operating expenses	63,407,454	92,568	-	63,500,022
Depreciation and amortization	13,005,262	-	-	13,005,262
Total operating expenses	305,287,272	92,568	-	305,379,840
Gain on disposition of property and equipment, net	1,016,082	-	-	1,016,082
Operating (loss) income	(5,510,391)	131,961	-	(5,378,430)
Nonoperating revenue and expense:				
Investment income (loss), net	16,364,096	98,627	(398,554)	16,064,169
Equity earnings from other investments	7,719,828	-	-	7,719,828
Lease and service revenue	1,663,384	-	-	1,663,384
Interest expense	(601,802)	-	-	(601,802)
Other, net	704,253	5,200,002	(5,200,002)	704,253
Total nonoperating revenue and expense	25,849,759	5,298,629	(5,598,556)	25,549,832
Increase (decrease) in unrestricted net assets	20,339,368	5,430,590	(5,598,556)	20,171,402
Temporarily restricted revenues and expenses:				
Realized gain on sale of investments	-	22,862	-	22,862
Unrealized gain on investments	-	128,377	-	128,377
Interest and dividend income	-	16,727	-	16,727
Increase in temporarily restricted net assets	-	167,966	-	167,966
Change in net assets	20,339,368	5,598,556	(5,598,556)	20,339,368
Net assets:				
Beginning of year	239,041,135	5,971,645	(5,971,645)	239,041,135
End of year	\$ 259,380,503	\$ 11,570,201	\$ (11,570,201)	\$ 259,380,503

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
Testing services	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 other investments	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
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
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	5,938,459	(5,938,459)	223,569,371
End of year	\$ 239,041,135	\$ 5,971,645	\$ (5,971,645)	\$ 239,041,135

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