

OneBlood, Inc.

Consolidated Financial Report
December 31, 2018

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RSM US LLP

Independent Auditor's Report

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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the accompanying consolidated financial statements, OneBlood, Inc. adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

RSM VS LLP

Orlando, Florida
May 1, 2019

OneBlood, Inc.

**Consolidated Balance Sheets
December 31, 2018 and 2017**

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,431,599	\$ 6,981,286
Restricted cash	1,140,000	1,170,000
Investments	123,574,660	129,683,818
Receivables:		
Trade receivables, net	37,802,183	39,662,894
Other	4,278,677	1,101,692
Current portion of note receivable from related party	-	683,594
Supplies inventory	4,640,601	4,807,591
Blood and blood components inventory	3,318,392	4,173,224
Prepaid expenses and other current assets	4,579,977	4,467,711
Total current assets	196,766,089	192,731,810
Note receivable from related party, net of current portion	-	2,895,545
Property and equipment, net	101,131,424	106,309,218
Other investments	31,039,779	29,678,924
Goodwill	1,374,244	1,374,244
Intangible assets, net	529,374	863,714
Other assets	1,185,353	928,991
Total assets	\$ 332,026,263	\$ 334,782,446
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 1,086,000	\$ 1,054,000
Accounts payable	9,589,543	10,614,892
Accrued expenses and other current liabilities	19,732,227	20,770,517
Due to related parties	3,015,490	3,119,282
Total current liabilities	33,423,260	35,558,691
Long-term liabilities:		
Long-term debt, net of current portion and unamortized bond acquisition costs	38,765,084	39,843,252
Total liabilities	72,188,344	75,401,943
Commitments and contingencies (Notes 8, 10 and 14)		
Net assets:		
Without donor restrictions:		
Undesignated	258,564,275	258,066,816
With donor restrictions:		
Restricted for specified purposes	1,242,144	1,282,187
Restricted in perpetuity - endowment	31,500	31,500
Total with donor restrictions	1,273,644	1,313,687
Total net assets	259,837,919	259,380,503
Total liabilities and net assets	\$ 332,026,263	\$ 334,782,446

See notes to consolidated financial statements.

OneBlood, Inc.

**Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2018 and 2017**

	2018	2017
Operating revenues:		
Red blood cells, net	\$ 147,663,856	\$ 147,507,537
Platelets, net	75,609,131	73,677,624
Plasma revenues, net	34,585,130	34,447,010
Testing services	33,412,757	33,587,064
Other products and services	11,415,894	9,766,093
Total operating revenues	302,686,768	298,985,328
Operating expenses:		
Salaries and benefit costs	150,539,443	148,517,400
Medical supplies and testing services	77,823,925	80,357,156
Other operating expenses	63,536,211	63,500,022
Depreciation and amortization	13,114,610	13,005,262
Total operating expenses	305,014,189	305,379,840
Gain on disposal of property and equipment, net	67,201	1,016,082
Operating loss	(2,260,220)	(5,378,430)
Nonoperating revenue and expense:		
Investment (loss) income, net	(6,117,701)	16,064,169
Equity earnings from other investments	5,410,856	7,719,828
Lease and service revenue	1,259,528	1,663,384
Interest expense	(832,426)	(601,802)
Other, net	2,860,095	704,253
Total nonoperating revenue and expense	2,580,352	25,549,832
Net assets released from restrictions	177,327	-
Increase in net assets without donor restrictions	497,459	20,171,402
Revenues and expenses with donor restrictions		
Contributions	183,412	-
Investment (loss) income, net	(46,128)	167,966
Net assets released from restrictions	(177,327)	-
(Decrease) increase in net assets with donor restrictions	(40,043)	167,966
Change in net assets	457,416	20,339,368
Net assets:		
Beginning of year	259,380,503	239,041,135
End of year	\$ 259,837,919	\$ 259,380,503

See notes to consolidated financial statements.

OneBlood, Inc.

**Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 457,416	\$ 20,339,368
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,114,610	13,005,262
Net unrealized loss (gain) on investments	17,185,473	(10,343,543)
Equity earnings from other investments	(5,410,856)	(7,719,828)
Gain on disposal of equipment	(67,201)	(1,016,082)
Changes in assets and liabilities:		
Trade receivables	1,860,711	(3,931,539)
Other receivables	(3,176,985)	(116,788)
Supplies inventory	166,990	19,425
Blood and blood components inventory	854,832	(301,020)
Prepaid expenses and other current assets	(112,266)	251,114
Other assets	(256,362)	1,127,521
Accounts payable	(52,298)	(832,173)
Accrued expenses and other current liabilities	(1,038,290)	462,844
Due to related parties	(103,792)	41,551
Net cash provided by operating activities	23,421,982	10,986,112
Cash flows from investing activities:		
Purchases of property and equipment	(10,714,267)	(10,745,521)
Proceeds from sale of property and equipment	2,213,773	2,238,631
Purchases of investments	(92,099,608)	(157,936,112)
Proceeds from the sale and maturity of investments	87,023,294	151,943,245
Proceeds from other investments - return of capital	-	5,212,643
Purchase of other investments	(1,950,000)	(5,200,000)
Note receivable from related party	3,579,139	-
Decrease in restricted cash	30,000	(470,000)
Net cash used in investing activities	(11,917,669)	(14,957,114)
Cash flows used in financing activities:		
Principal payments on long-term debt	(1,054,000)	(1,022,000)
Net cash used in financing activities	(1,054,000)	(1,022,000)
Net increase (decrease) in cash and cash equivalents	10,450,313	(4,993,002)
Cash and cash equivalents:		
Beginning	6,981,286	11,974,288
Ending	\$ 17,431,599	\$ 6,981,286
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 995,292	\$ 555,886
Supplemental disclosure of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable	\$ 756,918	\$ 1,729,969
Supplemental disclosure of noncash investing activities:		
Receivable for accumulated earnings on other investments	\$ 2,600,000	\$ 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 automobile insurance and workers' compensation self-insurance claims administrators.

Trade receivables: Trade receivables are non-interest-bearing and recorded at net realizable value. Credit is extended based on an evaluation of the customer's financial condition, and generally, collateral is not required. The Organization maintains an allowance for potential credit losses based upon expected collectability of all accounts receivable. The Organization records an allowance for returned blood products at the time of sale based upon historical trends. Management estimates its allowance for doubtful accounts and for returned blood products to be approximately \$959,000 and \$1,075,000 as of December 31, 2018 and 2017, 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, net of investment expenses. Interest and dividend income is recognized when earned. Investment income, reported in the accompanying consolidated statements of operations and changes in net assets includes realized and unrealized gains and losses as well as interest and dividend income. Investments included in current assets on the accompanying consolidated balance sheets include investments in equity securities, 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 percent to 50 percent 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 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, 2018 and 2017.

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, 2018 and 2017.

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, 2018 and 2017, approximately \$190,000 and \$198,000, 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, 2018 and 2017, 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 net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors. No assets have been designated by the Board of Directors for these purposes as of December 31, 2018 and 2017. Net assets without donor restrictions were \$258,564,275 and \$258,066,816 as of December 31, 2018 and 2017, respectively.

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

Net assets with donor restrictions restricted for specified purposes at December 31, 2018 and 2017, were \$1,242,144 and \$1,282,187, respectively. Net assets with donor restrictions restricted in perpetuity were \$31,500 at December 31, 2018 and 2017 and consists of investment securities held by the Foundation, the distributions from which are to be used to support the Organization's mission.

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

Impairment of long-lived assets (except goodwill): Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the use and eventual disposition of the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount of fair value less costs to sell, and would no longer be depreciated. The Company noted no events or changes in circumstances indicative of potential impairment for either of the years ended December 31, 2018 and 2017.

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, 2014, and prior.

Advertising: OneBlood expenses the costs of advertising as incurred. Advertising costs for the years ended December 31, 2018 and 2017, were approximately \$286,000 and \$212,000, 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 \$1,652,000 and \$1,658,000 for the years ended December 31, 2018 and 2017, 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 February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, Leases. ASU 2016-02 requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (a) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance-sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. Nonpublic entities should apply the amendments for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact of this ASU 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. The updated standard will become effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the impact that this ASU will have on the consolidated financial statements, and does not expect this to have a material impact on the financial statements.

OneBlood, Inc.

Notes to Consolidated Financial Statements

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

Changes in Accounting: In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide qualitative and quantitative requirements as follows:

- Net assets presentation in two categories – net assets without donor restrictions and net assets with donor restrictions;
- Presentation of investment income net of investment expenses;
- Analysis of expenses by both natural and functional classification;
- Liquidity and availability of resources disclosure requirement;
- Presentation of operating cash flows either direct or indirect method; permits the use of direct method without reconciliation of change in net assets to net cash flows from operating activities.

As the result of ASU 2016-14 adoption, the Organization has adjusted the presentation of these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent events: Management has evaluated subsequent events through May 1, 2019, 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, 2018 and 2017:

	2018	2017
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	(1,142,326)	(807,986)
	<u>\$ 529,374</u>	<u>\$ 863,714</u>

Amortization expense on other intangibles was approximately \$334,000 for the years ended December 31, 2018 and 2017.

The estimated annual amortization expense for the years ending after December 31, 2018, is as follows:

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

There were no changes in the goodwill balance of \$1,374,244 as of and for the years ended December 31, 2018 and 2017.

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

Investments at fair value as of December 31, 2018 and 2017, consist of:

	<u>2018</u>	<u>2017</u>
Equity securities:		
Common stocks:		
S&P 500 stocks	\$ 16,012,339	\$ 14,538,420
Foreign stocks	17,962,845	20,784,284
S&P Midcap 400 stocks	6,347,554	9,812,961
OTC market stocks	5,336,927	6,304,395
	<u>45,659,665</u>	<u>51,440,060</u>
Mutual funds:		
Growth funds	25,812,917	30,191,862
Bond funds	6,632,566	3,693,315
Conservative allocation funds	4,720,874	4,914,145
Large cap funds	-	563,763
Mid cap funds	-	101,069
International funds	-	202,165
	<u>37,166,357</u>	<u>39,666,319</u>
Money market funds	<u>3,052,602</u>	<u>2,325,090</u>
Debt securities:		
Corporate debt securities	17,347,385	25,768,954
U.S. government securities	5,476,896	7,840,079
Municipal debt securities	1,479,149	1,558,983
Foreign debt securities	860,801	1,084,333
	<u>25,164,231</u>	<u>36,252,349</u>
Investments measured at net asset value:		
Real estate investment trust	12,531,805	-
	<u>12,531,805</u>	<u>-</u>
	<u>\$ 123,574,660</u>	<u>\$ 129,683,818</u>

Investment income without donor restrictions was comprised of the following components for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Net realized and change in unrealized gains and losses from investments, net of investment expenses	\$ (9,514,798)	\$ 13,381,942
Interest and dividend income	3,397,097	2,682,227
	<u>\$ (6,117,701)</u>	<u>\$ 16,064,169</u>

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

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.

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, 2018 and 2017:

	2018			Total
	Level 1	Level 2	Level 3	
Equity securities:				
Common stocks:				
S&P 500 stocks	\$ 16,012,339	\$ -	\$ -	\$ 16,012,339
Foreign stocks	17,962,845	-	-	17,962,845
S&P Mid cap 400 stocks	6,347,554	-	-	6,347,554
OTC market stocks	5,336,927	-	-	5,336,927
	<u>45,659,665</u>	<u>-</u>	<u>-</u>	<u>45,659,665</u>
Mutual funds:				
Large cap funds	25,812,917	-	-	25,812,917
Bond funds	6,632,566	-	-	6,632,566
Mid cap funds	4,720,874	-	-	4,720,874
	<u>37,166,357</u>	<u>-</u>	<u>-</u>	<u>37,166,357</u>
Money market funds	<u>3,052,602</u>	<u>-</u>	<u>-</u>	<u>3,052,602</u>
Debt securities:				
Corporate debt securities	-	17,347,385	-	17,347,385
U.S. government securities	-	5,476,896	-	5,476,896
Foreign debt securities	-	1,479,149	-	1,479,149
Municipal debt securities	-	860,801	-	860,801
	<u>-</u>	<u>25,164,231</u>	<u>-</u>	<u>25,164,231</u>
Real estate investment trust measured at net asset value (a)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,531,805</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,531,805</u>
	<u>\$ 85,878,624</u>	<u>\$ 25,164,231</u>	<u>\$ -</u>	<u>\$ 123,574,660</u>

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

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

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

	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>

Note 4. Property and Equipment

Property and equipment consists of the following as of December 31, 2018 and 2017:

	2018	2017
Land	\$ 18,903,040	\$ 18,903,040
Buildings and improvements	107,365,638	105,495,793
Furniture and equipment	54,394,860	52,264,726
Automobiles and trucks	39,303,002	39,322,939
Computer equipment and software	45,080,108	42,043,395
Leasehold improvements	8,648,334	8,800,641
Construction in progress	836,918	1,729,969
	<u>274,531,900</u>	<u>268,560,503</u>
Less accumulated depreciation and amortization	<u>(173,400,476)</u>	<u>(162,251,285)</u>
	<u>\$ 101,131,424</u>	<u>\$ 106,309,218</u>

Depreciation expense for the years ended December 31, 2018 and 2017, was approximately \$12,781,000 and \$12,663,000, respectively.

OneBlood, Inc.

Notes to Consolidated Financial Statements

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
HemeXcel Purchasing Alliance, LLC	August 26, 2013	Purchasing Group	25%
HemeXcel Resources, LLC	May 30, 2014	Distributor and Marketer of Blood Products	25%
Creative Testing Solutions	January 1, 2010	Donor Testing Service	20%
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, 2018 and 2017, is as follows:

	2018	2017
Creative Testing Solutions	\$ 20,059,197	\$ 20,785,604
iSpecimen, Inc.	5,650,000	4,950,000
HemaCare Corporation	5,000,000	3,750,000
HemeXcel Purchasing Alliance, LLC	330,582	189,784
HemeXcel Resources, LLC	-	3,536
	<u>\$ 31,039,779</u>	<u>\$ 29,678,924</u>

Summary financial information for the respective entities that the Organization accounts for under the equity method of accounting as of and for the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Current assets	\$ 156,903,663	\$ 142,795,474
Current liabilities	64,902,363	137,204,918
Working capital	92,001,300	5,590,556
Noncurrent assets	9,567,052	6,737,000
Noncurrent liabilities	-	11,582,180
Net assets	<u>\$ 101,568,352</u>	<u>\$ 745,376</u>
	2018	2017
Revenues	\$ 433,073,067	\$ 247,575,126
Operating expenses	(402,718,611)	(222,357,298)
Other (expenses) income	(4,823,664)	5,661,486
Net income	<u>\$ 25,530,792</u>	<u>\$ 30,879,314</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 5. Other Investments (Continued)

Contributions to income (loss) of the investments accounted for under the equity method of accounting for the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Creative Testing Solutions	\$ 5,272,989	\$ 7,567,214
HemeXcel Purchasing Alliance, LLC	140,797	156,504
HemeXcel Resources, LLC	(2,930)	(3,890)
	<u>\$ 5,410,856</u>	<u>\$ 7,719,828</u>

Note 6. Accrued Expenses

Accrued expenses consists of the following as of December 31, 2018 and 2017:

	2018	2017
Vacation	\$ 8,420,225	\$ 8,201,046
Payroll and related benefits	5,825,454	5,401,116
Health and workers' compensation insurance (Note 14)	3,590,262	3,901,972
Retirement	819,095	1,907,026
Other	1,077,191	1,359,357
	<u>\$ 19,732,227</u>	<u>\$ 20,770,517</u>

Note 7. Long-Term Debt

Long-term debt as of December 31, 2018 and 2017, consists of the following:

	2018	2017
City of St. Petersburg, Florida:		
Healthcare Facilities Revenue Bonds, Series 2013,	\$ 40,041,000	\$ 41,095,000
Less debt issuance costs	(189,916)	(197,748)
Less current portion of long-term debt	(1,086,000)	(1,054,000)
	<u>\$ 38,765,084</u>	<u>\$ 39,843,252</u>

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

The Bonds bear interest at a variable rate per annum equal to 67 percent of the one-month London Interbank Offered Rate (LIBOR) plus an applicable margin equal to 0.72 percent (2.23 percent as of December 31, 2018). 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.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 7. Long-Term Debt (Continued)

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:	
2019	\$ 1,086,000
2020	1,116,000
2021	1,154,000
2022	1,190,000
2023	1,227,000
Thereafter	<u>34,268,000</u>
	<u>\$ 40,041,000</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 \$6,121,000 and \$5,787,000 during the years ended December 31, 2018 and 2017, respectively.

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

Years ending December 31:	
2019	\$ 5,737,836
2020	4,467,124
2021	3,798,067
2022	2,515,266
2023	1,045,114
Thereafter	<u>1,442,884</u>
	<u>\$ 19,006,291</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 9. Liquidity and Availability of Resources

As of December 31, 2018, the following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, board designations and amounts set aside for operating reserve within one year of December 31, 2018.

Financial assets, as of December 31, 2018	
Cash and cash equivalents	\$ 17,431,599
Investments	123,574,660
Receivables:	
Trade receivables, net	37,802,183
Other	4,278,677
	<u>183,087,119</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donors with purpose restriction	(1,242,144)
Restricted by donors in perpetuity	(31,500)
	<u>(1,273,644)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u>\$ 181,813,475</u>

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

Note 10. Retirement Plans

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

OneBlood 403(b) Retirement Plan: The Organization maintains a defined 403(b) contribution plan. Employees are eligible to contribute to the plan upon the first day of the month following their date of hire. Effective January 1, 2018, the plan adopted an automatic deferral election provision that allows the Organization to deduct 1 percent from all new employees' compensation in each plan year for a maximum of 5 percent, which begins the first of the month following 60 days of service, unless the employee opts out within 30 days of their date of hire. In addition, after completion of 60 days of service, the Organization matches up to 3.5 percent of eligible compensation. Employees must contribute at least 5 percent to be eligible for the maximum match. The employer also funds an additional discretionary 3 percent 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 \$5,646,000 and \$4,905,000 of expenses related to the retirement plans noted above during the years ended December 31, 2018 and 2017, respectively.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 11. Related Party Transactions

The following is a summary of the transactions between the Organization and CTS as of December 31, 2018 and 2017, and for the years ended December 31, 2018 and 2017:

	2018	2017
Due to CTS	\$ 3,015,490	\$ 3,119,282
Testing services provided by CTS	37,851,189	39,871,441
Lease and services revenue from CTS	1,259,528	1,663,384
Note receivable from CTS	-	3,579,139
Distributions declared from CTS	6,000,000	-

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 \$61,000. The basic annual rent shall increase beginning January 1 of each year by an amount equal to the lesser of: (a) 3 percent 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 \$1,479,000 and \$1,972,000 as of December 31, 2018 and 2017, 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, 2018:

Year ending December 31:	
2019	\$ 737,000

On December 29, 2017, CTS issued a promissory note (the Note) to the Organization in the amount of \$3,579,139 as part of CTS' membership restructuring agreement. The Note was executed for the purpose of distributing to the Organization all accumulated earnings on their respective membership share in CTS as of December 29, 2017. The Note was paid in full during fiscal year 2018.

On December 7, 2018, the governing board of CTS approved a cash distribution of \$30,000,000 to its members, of which, \$6,000,000 was allocated to the Organization. As of December 31, 2018, the Organization has received \$3,400,000 in distributions and carries a distribution receivable balance of \$2,600,000.

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 12. Net Assets With Donor Restrictions

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

Net assets with donor restrictions for a specified purpose of OBF as of December 31, 2018 and 2017, consisted of the following:

	2018	2017
Investments	\$ 1,204,711	\$ 1,238,992
Other assets	37,433	43,195
	<u>\$ 1,242,144</u>	<u>\$ 1,282,187</u>

There were \$177,327 and \$0 in assets released from restrictions during the years ended December 31, 2018 and 2017.

Net assets with donor restrictions held in perpetuity of OBF as of December 31, 2018 and 2017, consisted of the following:

	2018	2017
Investments	\$ 31,500	\$ 31,500

Note 13. Allocation of Functional Expenses

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

	2018		
	Program Services	Supporting Services General and Administration	Total
Salaries and benefit costs	\$ 135,485,499	\$ 15,053,944	\$ 150,539,443
Medical supplies and testing services	77,823,925	-	77,823,925
Other operating expenses	57,528,605	6,007,606	63,536,211
Depreciation and amortization	11,803,149	1,311,461	13,114,610
	<u>\$ 282,641,178</u>	<u>\$ 22,373,011</u>	<u>\$ 305,014,189</u>

OneBlood, Inc.

Notes to Consolidated Financial Statements

Note 13. Allocation of Functional Expenses (Continued)

	2017		
	Program	Supporting Services General and Administration	Total
	Services		
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>

Note 14. Commitments and Contingencies

Self-insurance: The Organization provides medical and other healthcare benefits to certain employees and covered dependents through a self-insured healthcare plan. 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 \$3,590,000 and \$3,902,000 at December 31, 2018 and 2017, respectively, and are included in accrued expenses (see Note 6) in the accompanying consolidated balance sheets.

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

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

Note 15. Subsequent Events

On April 15, 2019, OneBlood, Inc. merged the Community Blood Center of the Carolinas, Inc. into the operations of OneBlood, Inc. The merger is expected to increase efficiencies and further the reach of the Organization's mission.



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, 2018 and 2017, and have issued our report thereon, dated May 1, 2019, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to May 1, 2019.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

RSM US LLP

Orlando, Florida
May 1, 2019

OneBlood, Inc.

Consolidating Balance Sheet
December 31, 2018

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 16,430,094	\$ 1,001,505	\$ -	\$ 17,431,599
Restricted cash	1,140,000	-	-	1,140,000
Investments	121,691,815	1,882,845	-	123,574,660
Receivables:				
Trade receivable, net	37,802,183	-	-	37,802,183
Other	4,278,643	34	-	4,278,677
Supplies inventory	4,640,601	-	-	4,640,601
Blood and blood components inventory	3,318,392	-	-	3,318,392
Prepaid expenses and other current assets	4,579,977	-	-	4,579,977
Total current assets	193,881,705	2,884,384	-	196,766,089
Property and equipment, net	101,131,424	-	-	101,131,424
Other investments	20,389,779	10,650,000	-	31,039,779
Goodwill	1,374,244	-	-	1,374,244
Intangible assets, net	529,374	-	-	529,374
Other assets	12,639,926	67,385	(11,521,958)	1,185,353
Due from related parties	2,079,811	-	(2,079,811)	-
Total assets	\$ 332,026,263	\$ 13,601,769	\$ (13,601,769)	\$ 332,026,263
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 1,086,000	\$ -	\$ -	\$ 1,086,000
Accounts payable	9,589,543	-	-	9,589,543
Accrued expenses and other current liabilities	19,732,227	-	-	19,732,227
Due to related parties	3,015,490	2,079,811	(2,079,811)	3,015,490
Total current liabilities	33,423,260	2,079,811	(2,079,811)	33,423,260
Long-term liabilities:				
Long-term debt, net of current portion and unamortized bond acquisition costs	38,765,084	-	-	38,765,084
Total liabilities	72,188,344	2,079,811	(2,079,811)	72,188,344
Net assets:				
Without donor restrictions:				
Undesignated	258,564,275	10,248,314	(10,248,314)	258,564,275
With donor restrictions:				
Restricted for specified purposes	1,242,144	1,242,144	(1,242,144)	1,242,144
Restricted in perpetuity	31,500	31,500	(31,500)	31,500
Total with donor restrictions	1,273,644	1,273,644	(1,273,644)	1,273,644
Total net assets	259,837,919	11,521,958	(11,521,958)	259,837,919
Total liabilities and net assets	\$ 332,026,263	\$ 13,601,769	\$ (13,601,769)	\$ 332,026,263

See independent auditor's report on the supplementary information.

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 and other current liabilities	20,770,517	-	-	20,770,517
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:				
Without donor restrictions:				
Undesignated	258,066,816	10,256,514	(10,256,514)	258,066,816
With donor restrictions:				
Restricted for specified purposes	1,282,187	1,282,187	(1,282,187)	1,282,187
Restricted in perpetuity	31,500	31,500	(31,500)	31,500
Total with donor restrictions	1,313,687	1,313,687	(1,313,687)	1,313,687
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 Statement of Operations and Changes in Net Assets
Year Ended December 31, 2018**

	OneBlood, Inc.	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Operating revenues:				
Red blood cells, net	\$ 147,663,856	\$ -	\$ -	\$ 147,663,856
Platelets, net	75,609,131	-	-	75,609,131
Plasma revenues, net	34,585,130	-	-	34,585,130
Testing services	33,412,757	-	-	33,412,757
Other products and services	11,415,894	-	-	11,415,894
Total operating revenues	302,686,768	-	-	302,686,768
Operating expenses:				
Salaries and benefit costs	150,539,443	-	-	150,539,443
Medical supplies and testing services	77,823,925	-	-	77,823,925
Other operating expenses	63,391,080	145,131	-	63,536,211
Depreciation and amortization	13,114,610	-	-	13,114,610
Total operating expenses	304,869,058	145,131	-	305,014,189
Gain on disposition of property and equipment, net	67,201	-	-	67,201
Operating (loss) income	(2,115,089)	(145,131)	-	(2,260,220)
Nonoperating revenue and expense:				
Investment loss, net	(6,125,548)	(40,396)	48,243	(6,117,701)
Equity earnings from other investments	5,410,856	-	-	5,410,856
Lease and service revenue	1,259,528	-	-	1,259,528
Interest expense	(832,426)	-	-	(832,426)
Other, net	2,860,095	-	-	2,860,095
Total nonoperating revenue and expense	2,572,505	(40,396)	48,243	2,580,352
Net assets released from restrictions	-	177,327	-	177,327
Increase in net assets without donor restrictions	457,416	(8,200)	48,243	497,459
Temporarily restricted revenues and expenses:				
Contributions	-	183,412	-	183,412
Investment loss, net	-	(46,128)	-	(46,128)
Net assets released from restrictions	-	(177,327)	-	(177,327)
decrease in net assets with donor restrictions	-	(40,043)	-	(40,043)
Change in net assets	457,416	(48,243)	48,243	457,416
Net assets:				
Beginning of year	259,380,503	11,570,201	(11,570,201)	259,380,503
End of year	\$ 259,837,919	\$ 11,521,958	\$ (11,521,958)	\$ 259,837,919

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 income (loss)	(5,510,391)	131,961	-	(5,378,430)
Nonoperating revenue and expense:				
Investment income, 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 in net assets without donor restrictions	20,339,368	5,430,590	(5,598,556)	20,171,402
Revenues and expenses with donor restrictions:				
Investment income, net	-	167,966	-	167,966
Increase in net assets with donor restrictions	-	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.

