OneBlood, Inc.

Consolidated Financial Report
December 31, 2019

Contents

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, 2019 and 2018, 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, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Orlando, Florida
April 30, 2020

OneBlood, Inc.

Consolidated Balance Sheets
December 31, 2019 and 2018

		2019		2018
Assets				
Current assets:				
Cash and cash equivalents	**$**	**25,699,646**	$	17,431,599
Restricted cash		**1,395,000**		1,140,000
Investments		**150,072,941**		123,574,660
Receivables:				
Trade receivables, net		**40,577,057**		37,802,183
Other		**2,145,100**		4,278,677
Supplies inventory		**5,109,801**		4,640,601
Blood and blood components inventory		**4,036,396**		3,318,392
Prepaid expenses and other current assets		**4,313,901**		4,579,977
Total current assets		**233,349,842**		196,766,089
Property and equipment, net		**103,664,760**		101,131,424
Other investments		**40,385,696**		31,039,779
Goodwill		**1,236,820**		1,374,244
Intangible assets, net		**195,034**		529,374
Other assets		**1,556,913**		1,185,353
Total assets	**$**	**380,389,065**	$	332,026,263
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	**$**	**38,772,916**	$	1,086,000
Accounts payable		**13,777,929**		9,589,543
Accrued expenses and other current liabilities		**22,998,505**		19,732,227
Capital lease obligations		**127,541**		-
Due to related parties		**3,064,272**		3,015,490
Total current liabilities		**78,741,163**		33,423,260
Long-term liabilities:				
Long-term debt, net of current portion and unamortized bond acquisition costs		**-**		38,765,084
Capital lease obligations, net of current portion		**324,925**		-
Total liabilities		**79,066,088**		72,188,344
Commitments and contingencies (Notes 9, 11, 12 and 15)				
Net assets:				
Without donor restrictions:				
Undesignated		**299,797,656**		258,564,275
With donor restrictions:				
Restricted for specified purposes		**1,493,821**		1,242,144
Restricted in perpetuity - endowment		**31,500**		31,500
Total with donor restrictions		**1,525,321**		1,273,644
Total net assets		**301,322,977**		259,837,919
Total liabilities and net assets	**$**	**380,389,065**	$	332,026,263

See notes to consolidated financial statements.

OneBlood, Inc.

Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions		
Operating revenues:		
Red blood cells, net	**$ 161,814,040**	$ 147,663,856
Platelets, net	**88,261,369**	75,609,131
Plasma revenues, net	**38,987,282**	34,585,130
Testing services	**36,493,913**	33,412,757
Other products and services	**12,639,607**	11,415,894
Total operating revenues	**338,196,211**	302,686,768
Operating expenses:		
Salaries and benefit costs	**163,164,841**	150,539,443
Medical supplies and testing services	**83,242,207**	77,823,925
Other operating expenses	**75,612,801**	63,536,211
Depreciation and amortization	**13,262,504**	13,114,610
Total operating expenses	**335,282,353**	305,014,189
Gain on disposal of property and equipment, net	**1,736,132**	67,201
Operating gain (loss)	**4,649,990**	(2,260,220)
Nonoperating revenue and expense:		
Investment income (loss), net	**26,343,440**	(6,117,701)
Equity earnings from other investments	**8,095,917**	5,410,856
Lease and service revenue	**1,125,054**	1,259,528
Interest expense	**(908,422)**	(832,426)
Contributions	**785,239**	-
Other, net	**1,016,424**	2,860,095
Total nonoperating revenue and expense	**36,457,652**	2,580,352
Net assets released from restrictions	**125,739**	177,327
Change in net assets without donor restrictions	**41,233,381**	497,459
Changes in net assets with donor restrictions		
Contributions	**128,948**	183,412
Investment income (loss), net	**248,468**	(46,128)
Net assets released from restrictions	**(125,739)**	(177,327)
Change in net assets with donor restrictions	**251,677**	(40,043)
Change in net assets	**41,485,058**	457,416
Net assets:		
Beginning of year	**259,837,919**	259,380,503
End of year	**$ 301,322,977**	$ 259,837,919

See notes to consolidated financial statements.

OneBlood, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 41,485,058	$ 457,416
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,262,504	13,114,610
Net unrealized (gain) loss on investments	(22,300,940)	11,185,473
Equity earnings from other investments	(8,095,917)	(5,410,856)
Contribution received from business combination	(785,239)	-
Gain on disposal of equipment	(1,736,132)	(67,201)
Provision for doubtful accounts	110,904	115,503
Changes in assets and liabilities:		
Trade receivables	(141,815)	1,745,208
Other receivables	(2,199,670)	(576,985)
Supplies inventory	(469,200)	166,990
Blood and blood components inventory	(97,891)	854,832
Prepaid expenses and other current assets	521,470	(112,266)
Other assets	(371,560)	(256,362)
Accounts payable	1,105,887	(52,298)
Accrued expenses and other current liabilities	2,799,774	(1,038,290)
Due to related parties	48,782	(103,792)
Net cash provided by operating activities	23,136,015	20,021,982
Cash flows from investing activities:		
Purchases of property and equipment	(13,873,652)	(10,714,267)
Proceeds from sale of property and equipment	3,054,046	2,213,773
Purchases of investments	(75,489,379)	(92,099,608)
Proceeds from the sale and maturity of investments	71,292,038	87,023,294
Purchase of other investments	(1,250,000)	(1,950,000)
Distributions received from other investments	2,600,000	3,400,000
Cash received from business combination	222,521	-
Note receivable from related party	-	3,579,139
Net cash used in investing activities	(13,444,426)	(8,547,669)
Cash flows used in financing activities:		
Principal payments on capital lease obligation	(82,542)	-
Principal payments on long-term debt	(1,086,000)	(1,054,000)
Net cash used in financing activities	(1,168,542)	(1,054,000)
Net increase in cash and cash equivalents and restricted cash	8,523,047	10,420,313
Cash and cash equivalents and restricted cash:		
Beginning	18,571,599	8,151,286
Ending	$ 27,094,646	$ 18,571,599
Cash and cash equivalents, end of year	$ 25,699,646	$ 17,431,599
Restricted cash, end of year	1,395,000	1,140,000
Cash and cash equivalents and restricted cash, end of year	$ 27,094,646	$ 18,571,599
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 908,422	$ 995,292
Supplemental disclosure of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable	$ 1,119,398	$ 756,918
Supplemental disclosure of noncash investing activities:		
Receivable for accumulated earnings on other investments	$ -	$ 2,600,000

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

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

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

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

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

Principles of consolidation: The consolidated financial statements include the accounts of OneBlood, Inc., TMS, 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: During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* using the modified retrospective method of transition. This ASU replaced existing revenue recognition guidance and requires revenue to be recognized in an amount that reflects consideration the Organization expects to be entitled in an exchange of goods or services. The adoption of this ASU resulted in changes to the disclosures for revenue. There was no adjustment required to the opening balance of net assets for the adoption of this ASU.

The Organization's revenue is primarily derived from sales of blood products and testing services. The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods or services to customers. Revenue on blood products and testing services is based on the transaction price. The Organization records revenue at a point in time upon delivery of the good or service to the customer, which is when control has transferred and the Organization's performance obligation is satisfied. The timing of revenue recognition aligns with the right to receive payment from the customer.

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

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

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

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

Trade receivables: Trade receivables are non-interest-bearing and recorded at net realizable value. Credit is extended based on an evaluation of the customer's financial condition, and generally, collateral is not required. The Organization maintains an allowance for potential credit losses based upon expected collectability of all accounts receivable. The Organization records an allowance for returned blood products at the time of sale based upon historical trends. Management estimates its allowance for doubtful accounts and for returned blood products to be approximately $1,070,000 and $959,000 as of December 31, 2019 and 2018, respectively. Credit losses and returns of blood products are provided for in the consolidated financial statements and have historically been within management's expectations.

Investments and investment income: Investments are reported at fair value (see Note 4). Realized gains and losses are recorded at date of disposition based on the difference between the net proceeds and the cost of the investments sold, using the specific identification method. Unrealized gains and losses are reported for the changes in fair value between reporting periods, 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% 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.

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

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

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

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

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

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

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

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

Goodwill: Goodwill represents the excess of the purchase price of an acquired entity over the amounts assigned to the assets acquired and liabilities assumed in a business combination. The Organization has elected the private company alternative for accounting for goodwill and amortizes goodwill on a straight-line basis over ten years. The Organization evaluates goodwill for impairment at the entity level upon the occurrence of any impairment triggering events that indicate that the fair value of the entity may be below its carrying amount. There were no triggering events identified during the years ending December 31, 2019 and 2018.

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

Intangible assets: Intangible assets are initially recorded at their fair market values determined on quoted market prices in active markets, if available, or recognized valuation models. Intangible assets that have finite useful lives are amortized on a straight-line basis over their useful lives and are tested for impairment upon the occurrence of a triggering event. Intangible assets that have indefinite useful lives are not amortized but are tested at least annually for impairment or whenever events or circumstances indicate an impairment may have occurred. Management determined that no intangible assets were impaired at December 31, 2019 and 2018.

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, 2019 and 2018, approximately $182,100 and $190,000, 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 were approximately $7,800 during the years ended December 31, 2019 and 2018, respectively, and is included in depreciation and amortization 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, 2019 and 2018. Net assets without donor restrictions were $299,727,656 and $258,564,275 as of December 31, 2019 and 2018, 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, 2019 and 2018, were $1,493,821 and $1,242,144, respectively. Net assets with donor restrictions restricted in perpetuity were $31,500 at December 31, 2019 and 2018 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, 2019 and 2018.

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

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

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. The Organization assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. OneBlood files income tax returns in the U.S. federal jurisdiction. Generally, OneBlood is no longer subject to U.S. federal income tax examinations by tax authorities for years ended December 31, 2015, and prior.

Advertising: OneBlood expenses the costs of advertising as incurred. Advertising costs for the years ended December 31, 2019 and 2018, were approximately $424,000 and $286,000, 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 $3,072,000 and $1,652,000 for the years ended December 31, 2019 and 2018, respectively.

Reclassifications: Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the 2019 presentation. Such reclassifictions had no effect on previously reported change in net assets, net assets or cash flows.

Newly adopted accounting pronouncements: In November 2016, the FASB issued 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 consolidated statements of cash flows. The Organization adopted ASU 2016-18 during 2019 using the retrospective transition method and it did not have a material effect on the Organization’s 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 Organization adopted ASU 2014-09 in 2019, using the modified retrospective method of adoption. Under that approach, the cumulative effect of applying the new accounting standard is recorded on the date of initial application, with no restatement of the comparative prior periods presented. The Organization’s adoption of ASU 2014-09 did not result in a cumulative effect adjustment to its net assets.

In May 2019, the FASB issued ASU 2019-06, *Intangibles – Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958), Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities,* which allows not-for-profit entities to amortize goodwill on a straight-line basis over a period of 10 years or less, make a policy election to test goodwill for impairment at either the entity level or reporting level and to test goodwill for impairment only when a triggering event occurs that indicates the fair value of an entity may be below its carrying amount. The Organization adopted ASU 2019-06 during 2019 and started amortizing goodwill on a straight-line basis over 10 years.

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

Recent Accounting Pronouncements: 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, 2020. The Organization is currently evaluating the impact of this ASU on its consolidated financial statements.

The FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during the year ended December 31, 2019. The Organization has considered the new pronouncements that altered U.S. GAAP and other than as disclosed in these notes to the consolidated financial statements, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

Subsequent events: Management has evaluated subsequent events through April 30, 2020, the date on which the consolidated financial statements were available to be issued.

Note 2. Business Combination

On April 15, 2019, the Organization entered into a transaction with Community Blood Center of the Carolinas, Inc., (CBCC) a not-for-profit 501(c)(3) blood center operating in North and South Carolina since 2002. As a result of the transaction, the Organization is expected to increase their market share and customer base for blood products and related services in the Southeastern United States. It also expects to reduce fixed costs and increase margins through economies of scale.

The following table summarizes the assets and liabilities recorded on the Organization's financial statements as of April 15, 2019, as a result of the transaction with CBCC:

Cash and cash equivalents	$ 222,521
Accounts receivable	2,743,963
Inventories	620,113
Prepaid Expense and Other	255,394
Property and equipment	2,398,026
Accounts payable	(2,720,019)
Accrued expenses	(466,504)
Capital lease obligations	(535,008)
Note payable	(1,733,247)
	$ 785,239

The Organization recorded a contribution of $785,239 for the excess amount of the assets over the liabilities recorded related to the transaction with CBCC in the accompanying consolidated statements of operations and changes in net assets during 2019.

Note 3. Goodwill and Intangible Assets

Intangible assets consist of the following at December 31, 2019 and 2018:

	2019	2018
Customer relationships	$ 385,100	$ 385,100
Donor relationships	1,286,600	1,286,600
	1,671,700	1,671,700
Less accumulated amortization	(1,476,666)	(1,142,326)
	$ 195,034	$ 529,374

Amortization expense on other intangibles was approximately $334,000 for the years ended December 31, 2019 and 2018.

The estimated annual amortization expense of intangible assets for the years ending after December 31, 2019, is as follows:

Years ending December 31:	
2020	$ 195,034

Goodwill consists of the following as of December 31, 2019 and 2018:

	2019	2018
Goodwill, gross	$ 1,374,244	$ 1,374,244
Less accumulated amortization	(137,424)	-
Goodwill, net	$ 1,236,820	$ 1,374,244

Amortization expense relating to goodwill was approximately $137,400 for the year ended December 31, 2019 and is included in depreciation and amortization in the accompanying consolidated statements of operations and changes in net assets.

The estimated annual amortization expense of goodwill for the years ending after December 31, 2019, is as follows:

Years ending December 31:	
2020	$ 137,424
2021	137,424
2022	137,424
2023	137,424
2024	137,424
Thereafter	549,700

Note 4. Investments and Fair Value Measurements

Investments at fair value as of December 31, 2019 and 2018, consist of:

	2019	2018
Equity securities:		
Common stocks:		
S&P 500 stocks	$ 18,931,188	$ 16,012,339
Foreign stocks	23,333,668	17,962,845
S&P Midcap 400 stocks	3,401,033	6,347,554
OTC market stocks	5,938,071	5,336,927
	51,603,960	45,659,665
Mutual funds:		
Growth funds	43,007,474	25,812,917
Bond funds	7,451,832	6,632,566
Conservative allocation funds	5,390,879	4,720,874
	55,850,185	37,166,357
Money market funds	2,415,816	3,052,602
Debt securities:		
Corporate debt securities	16,105,448	17,347,385
U.S. government securities	8,107,525	5,476,896
Municipal debt securities	1,861,387	1,479,149
Foreign debt securities	824,164	860,801
	26,898,524	25,164,231
Investments measured at net asset value:		
Real estate investment trust	13,304,456	12,531,805
	13,304,456	12,531,805
	$ 150,072,941	$ 123,574,660

Investment income (loss) without donor restrictions was comprised of the following components for the years ended December 31, 2019 and 2018:

	2019	2018
Net realized and change in unrealized gains and losses from investments, net of investment expenses	$ 22,791,670	$ (9,514,798)
Interest and dividend income	3,551,770	3,397,097
	$ 26,343,440	$ (6,117,701)

Note 4. 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.

Note 4. Investments and Fair Value Measurements (Continued)

The following tables present the fair value hierarchy for the balances of the financial and nonfinancial assets and liabilities of the Organization measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Common stocks:				
S&P 500 stocks	$ 18,931,188	$ -	$ -	$ 18,931,188
Foreign stocks	23,333,668	-	-	23,333,668
S&P Mid cap 400 stocks	3,401,033	-	-	3,401,033
OTC market stocks	5,938,071	-	-	5,938,071
	51,603,960	-	-	51,603,960
Mutual funds:				
Growth funds	43,007,474	-	-	43,007,474
Bond funds	7,451,832	-	-	7,451,832
Conservative allocation funds	5,390,879	-	-	5,390,879
	55,850,185	-	-	55,850,185
Money market funds	2,415,816	-	-	2,415,816
Debt securities:				
Corporate debt securities	-	16,105,448	-	16,105,448
U.S. government securities	-	8,107,525	-	8,107,525
Foreign debt securities	-	1,861,387	-	1,861,387
Municipal debt securities	-	824,164	-	824,164
	-	26,898,524	-	26,898,524
Real estate investment trust measured at net asset value (a)	-	-	-	13,304,456
	-	-	-	13,304,456
	$ 109,869,961	$ 26,898,524	$ -	$ 150,072,941

Note 4. Investments and Fair Value Measurements (Continued)

	2018			
	Level 1	Level 2	Level 3	Total
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
	45,659,665	-	-	45,659,665
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
	37,166,357	-	-	37,166,357
Money market funds	3,052,602	-	-	3,052,602
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
	-	25,164,231	-	25,164,231
Real estate investment trust measured at net asset value (a)	-	-	-	12,531,805
	-	-	-	12,531,805
	$ 85,878,624	$ 25,164,231	$ -	$ 123,574,660

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

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

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 Secure Transfusion Services, 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%
Secure Transfusion Services	February 22, 2019	Transfusion Life Sciences	14%
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, 2019 and 2018, is as follows:

	2019	2018
Creative Testing Solutions	$ 28,158,731	$ 20,059,197
iSpecimen, Inc.	5,900,000	5,650,000
HemaCare Corporation	5,000,000	5,000,000
Secure Transfusion Services	1,000,000	-
HemeXcel Purchasing Alliance, LLC	326,965	330,582
	$ 40,385,696	$ 31,039,779

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, 2019 and 2018, is as follows:

	2019	2018
Current assets	$ 177,692,796	$ 156,903,663
Current liabilities	46,018,365	64,902,363
Working capital	131,674,431	92,001,300
Noncurrent assets	10,381,546	9,567,052
Noncurrent liabilities	-	-
Net assets	$ 142,055,977	$ 101,568,352

	2019	2018
Revenues	$ 398,225,362	$ 433,073,067
Operating expenses	(369,508,266)	(402,718,611)
Other income (expenses)	11,777,766	(4,823,664)
Net income	$ 40,494,862	$ 25,530,792

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, 2019 and 2018, is as follows:

	2019	2018
Creative Testing Solutions	$ 8,099,534	$ 5,272,989
HemeXcel Purchasing Alliance, LLC	(3,617)	140,797
HemeXcel Resources, LLC	-	(2,930)
	$ 8,095,917	$ 5,410,856

Note 6. Property and Equipment

Property and equipment consists of the following as of December 31, 2019 and 2018:

	2019	2018
Land	$ 17,783,543	$ 18,903,040
Buildings and improvements	108,806,308	107,365,638
Furniture and equipment	61,602,434	54,394,860
Automobiles and trucks	44,376,646	39,303,002
Computer equipment and software	49,954,193	45,080,108
Leasehold improvements	10,092,480	8,648,334
Construction in progress	1,368,866	836,918
	293,984,470	274,531,900
Less accumulated depreciation and amortization	(190,319,710)	(173,400,476)
	$ 103,664,760	$ 101,131,424

Depreciation expense for the years ended December 31, 2019 and 2018, was approximately $12,782,900 and $12,772,000, respectively.

Note 7. Accrued Expenses

Accrued expenses consists of the following as of December 31, 2019 and 2018:

	2019	2018
Vacation	$ 8,952,109	$ 8,420,225
Payroll and related benefits	7,592,264	5,825,454
Health and workers’ compensation insurance (Note 15)	4,202,644	3,590,262
Retirement	1,118,939	819,095
Other	1,132,549	1,077,191
	$ 22,998,505	$ 19,732,227

Note 8. Long-Term Debt

Long-term debt as of December 31, 2019 and 2018, consists of the following:

	2019	2018
City of St. Petersburg, Florida:		
Healthcare Facilities Revenue Bonds, Series 2013,	$ 38,955,000	$ 40,041,000
Less debt issuance costs	(182,084)	(189,916)
Less current portion of long-term debt	(38,772,916)	(1,086,000)
	$ -	$ 38,765,084

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% of the one-month London Interbank Offered Rate (LIBOR) plus an applicable margin equal to 0.72% (1.86% as of December 31, 2019). 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. 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. Subsequent to year-end, the lender exercised their right to tender the bonds and the bonds were purchased by a new lender (see Note 16).

Note 9. Leases

Capital Leases

The Organization leases equipment in connection with its operations that are accounted for as capital leases. The terms of the capital leases expire on or before November 2023. The assets under capital leases that were part of the transaction with CBCC during 2019 are included in the consolidated balance sheets as part of property and equipment as of December 31, 2019 totaling approximately $443,000 net.

Operating 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 $6,686,300 and $6,121,000 during the years ended December 31, 2019 and 2018, respectively.

Note 9. Leases (Continued)

Future minimum lease payments under noncancelable leases are as follows:

Years ending December 31:	Capital Leases	Operating Leases
2020	$ 140,555	$ 7,434,048
2021	140,555	6,285,004
2022	125,127	4,405,316
2023	73,569	2,553,861
2024	-	1,101,238
Thereafter	-	877,612
Total minimum obligations	479,806	$ 22,657,079
Less amount representing interest (ranging from 2.0% to 3.5%) at December 31, 2019	(27,340)	
Present value of future minimum capital lease payments	452,466	
Less current principal installments of obligations under capital lease	(127,541)	
	$ 324,925	

Note 10. Liquidity and Availability of Resources

As of December 31, 2019 and 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 reserves within one year of December 31, 2019 and 2018:

	2019	2018
Financial assets:		
Cash and cash equivalents	$ 25,699,646	$ 17,431,599
Investments	150,072,941	123,574,660
Receivables:		
Trade receivables, net	40,577,057	37,802,183
Other	2,145,100	4,278,677
	218,494,744	183,087,119
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restriction	(1,493,821)	(1,242,144)
Restricted by donors in perpetuity	(31,500)	(31,500)
	(1,525,321)	(1,273,644)
Financial assets available to meet cash needs for general expenditures over the next twelve months	$ 216,969,423	$ 181,813,475

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

Note 11. Retirement Plans

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

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

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

Deferred Compensation Plan – 457(b): The Organization maintained an eligible deferred compensation plan for certain members of management. The plan was established to allow participants to defer income taxation on retirement savings into future years.

The Organization recorded approximately $6,155,000 and $5,646,000 of expenses related to the retirement plans noted above during the years ended December 31, 2019 and 2018, respectively.

Note 12. Related Party Transactions

The following is a summary of the transactions between the Organization and CTS as of December 31, 2019 and 2018, and for the years ended December 31, 2019 and 2018:

	2019	2018
Due to CTS	$ 3,064,272	$ 3,015,490
Testing services provided by CTS	36,983,432	37,851,189
Lease and services revenue from CTS	1,125,054	1,259,528
Distributions received from CTS	2,600,000	3,400,000
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 expires on December 31, 2029. The Organization leases approximately 29,000 square feet of building space to CTS, with monthly payments of approximately $62,500. 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 $986,000 and $1,479,000 as of December 31, 2019 and 2018, respectively.

Note 12. Related Party Transactions (Continued)

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, 2019:

Year ending December 31:		
2020	$	750,000
2021		773,000
2022		796,000
2023		820,000
2024		844,000
Thereafter		4,616,000
	$	8,599,000

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, 2019, the Organization has received the $6,000,000 distribution.

Note 13. 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, 2019 and 2018, consisted of the following:

		2019		2018
Investments	$	1,452,336	$	1,204,711
Other assets		41,485		37,433
	$	1,493,821	$	1,242,144

There were $125,739 and $177,327 in assets released from restrictions during the years ended December 31, 2019 and 2018.

Net assets with donor restrictions held in perpetuity of OBF as of December 31, 2019 and 2018, consisted of the following:

		2019		2018
Investments	$	31,500	$	31,500

Note 14. 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.

	2019		
	Program Services	Supporting Services General and Administration	Total
Salaries and benefit costs	$ 146,848,357	$ 16,316,484	$ 163,164,841
Medical supplies and testing services	83,242,207	-	83,242,207
Other operating expenses	68,230,708	7,382,093	75,612,801
Depreciation and amortization	11,936,254	1,326,250	13,262,504
	$ 310,257,526	$ 25,024,827	$ 335,282,353

	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
	$ 282,641,178	$ 22,373,011	$ 305,014,189

Note 15. Commitments and Contingencies

Self-insurance: The Organization provides medical and other healthcare benefits to certain employees and covered dependents through a self-insured healthcare plan. Reinsurance, covering costs above $250,000 per plan plus $250,000 per individual per plan year, is maintained through a commercial excess coverage policy. In addition, the Organization is self-insured for workers' compensation. Undiscounted estimated reserves for claims incurred but not yet reported totaled approximately $4,202,600 and $3,590,000 at December 31, 2019 and 2018, respectively, and are included in accrued expenses (see Note 7) 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.

Note 15. Commitments and Contingencies (Continued)

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 16. Subsequent Events

In January 2020, the Organization sold its $5,000,000 investment in HemaCare Corporation for approximately $37,000,000.

In April 2020, the organization and the American Red Cross finalized a joint venture agreement to form ARC-One Solutions, a regulated software company. As part of the joint venture agreement, the Organization contributed $7,000,000 to ARC-One Solutions for a 50% interest in the company. In addition, ARC-One agreed to pay the organization $14,000,000 to transfer full ownership of its regulated software application to ARC-One Solutions. The regulated software application had a net book value of approximately $1,684,000 and the organization recorded a gain of approximately $12,316,000.

In April 2020, the Organization's Bonds were purchased by a new lender for $37,839,000 and terms of the Bonds remain unchanged with the exception of the interest rate which is at a fixed rate of 1.62%.

The spread of COVID-19, a novel strain of coronavirus, appears to be altering the behavior of business and people in a manner that is having negative effects on local, regional and global economies. The extent to which COVID-19 impacts the operations of the Organization in the future will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact, and the impact of each of these items on the economies and financial markets in the United States. Further, stock markets in the United States and globally have recently experienced significant declines attributed to coronavirus concerns. The Organization has holdings in a broad range of investments. Market fluctuations may affect the value of those investments and those fluctuations at time may be material. In particular, the continued spread of COVID-19 could adversely impact the Organization's operations, including among others, sales and marketing efforts and daily operations, and may have a material adverse effect on the financial condition of the Organization.

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, 2019 and 2018, 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 consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Orlando, Florida
April 30, 2020

OneBlood, Inc.

Consolidating Balance Sheet
December 31, 2019

	OneBlood, Inc. and Subsidiary	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	$ 24,699,614	$ 1,000,032	$ -	$ 25,699,646
Restricted cash	1,395,000	-	-	1,395,000
Investments	147,796,356	2,276,585	-	150,072,941
Receivables:				
Trade receivable, net	40,577,057	-	-	40,577,057
Other	2,144,299	801	-	2,145,100
Supplies inventory	5,109,801	-	-	5,109,801
Blood and blood components inventory	4,036,396	-	-	4,036,396
Prepaid expenses and other current assets	4,313,901	-	-	4,313,901
Total current assets	230,072,424	3,277,418	-	233,349,842
Property and equipment, net	103,664,760	-	-	103,664,760
Other investments	43,737,862	11,900,000	(15,252,166)	40,385,696
Goodwill	1,236,820	-	-	1,236,820
Intangible assets, net	195,034	-	-	195,034
Other assets	1,479,559	77,354	-	1,556,913
Total assets	$ 380,386,459	$ 15,254,772	$ (15,252,166)	$ 380,389,065
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	$ 38,772,916	$ -	$ -	$ 38,772,916
Accounts payable	13,775,323	2,606	-	13,777,929
Accrued expenses and other current liabilities	22,998,505	-	-	22,998,505
Capital lease obligations	127,541	-	-	127,541
Due to related parties	3,064,272	-	-	3,064,272
Total current liabilities	78,738,557	2,606	-	78,741,163
Long-term liabilities:				
Capital lease obligations, net of current portion	324,925	-	-	324,925
Total liabilities	79,063,482	2,606	-	79,066,088
Net assets:				
Without donor restrictions:				
Undesignated	299,797,656	13,726,845	(13,726,845)	299,797,656
With donor restrictions:				
Restricted for specified purposes	1,493,821	1,493,821	(1,493,821)	1,493,821
Restricted in perpetuity	31,500	31,500	(31,500)	31,500
Total with donor restrictions	1,525,321	1,525,321	(1,525,321)	1,525,321
Total net assets	301,322,977	15,252,166	(15,252,166)	301,322,977
Total liabilities and net assets	$ 380,386,459	$ 15,254,772	$ (15,252,166)	$ 380,389,065

See independent auditor's report on the supplementary information.

OneBlood, Inc.

Consolidating Balance Sheet
December 31, 2018

	OneBlood, Inc. and Subsidiary	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	31,911,737	10,650,000	(11,521,958)	31,039,779
Goodwill	1,374,244	-	-	1,374,244
Intangible assets, net	529,374	-	-	529,374
Other assets	1,117,968	67,385	-	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 Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

	OneBlood, Inc. and Subsidiary	OneBlood Foundation, Inc. and Subsidiary	Eliminations	Consolidated Total
Operating revenues:				
Red blood cells, net	$ 161,814,040	$ -	$ -	$ 161,814,040
Platelets, net	88,261,369	-	-	88,261,369
Plasma revenues, net	38,987,282	-	-	38,987,282
Testing services	36,493,913	-	-	36,493,913
Other products and services	12,639,607	-	-	12,639,607
Total operating revenues	338,196,211	-	-	338,196,211
Operating expenses:				
Salaries and benefit costs	163,164,841	-	-	163,164,841
Medical supplies and testing services	83,242,207	-	-	83,242,207
Other operating expenses	75,609,669	3,132	-	75,612,801
Depreciation and amortization	13,262,504	-	-	13,262,504
Total operating expenses	335,279,221	3,132	-	335,282,353
Gain on disposition of property and equipment, net	1,736,132	-	-	1,736,132
Operating gain (loss)	4,653,122	(3,132)	-	4,649,990
Nonoperating revenue and expense:				
Investment income, net	26,187,516	155,924	-	26,343,440
Equity earnings from other investments	8,626,125	-	(530,208)	8,095,917
Lease and service revenue	1,125,054	-	-	1,125,054
Interest expense	(908,422)	-	-	(908,422)
Contributions	785,239	3,200,000	(3,200,000)	785,239
Other, net	1,016,424	-	-	1,016,424
Total nonoperating revenue and expense	36,831,936	3,355,924	(3,730,208)	36,457,652
Net assets released from restrictions	-	125,739	-	125,739
Change in net assets without donor restrictions	41,485,058	3,478,531	(3,730,208)	41,233,381
Revenues and expenses with donor restrictions				
Contributions	-	128,948	-	128,948
Investment income, net	-	248,468	-	248,468
Net assets released from restrictions	-	(125,739)	-	(125,739)
Change in net assets with donor restrictions	-	251,677	-	251,677
Change in net assets	41,485,058	3,730,208	(3,730,208)	41,485,058
Net assets:				
Beginning of year	259,837,919	11,521,958	(11,521,958)	259,837,919
End of year	$ 301,322,977	$ 15,252,166	$ (15,252,166)	$ 301,322,977

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. and Subsidiary	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	(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
Change in net assets without donor restrictions	457,416	(8,200)	48,243	497,459
Revenues and expenses with donor restrictions				
Contributions	-	183,412	-	183,412
Investment loss, net	-	(46,128)	-	(46,128)
Net assets released from restrictions	-	(177,327)	-	(177,327)
Change 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.