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LifeShare Blood Centers and Affiliates

Consolidated Financial Statements
June 30, 2004 and 2003

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LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Financial Position
June 30, 2004 and 2003

	2004	2003
Assets		
Current assets		
Cash and cash equivalents	$ 10,907,895	$ 8,443,475
Investments	1,027,482	1,125,018
Receivables	4,885,246	3,244,773
Inventory	1,450,844	1,573,858
Prepaid expenses	165,219	138,913
Total current assets	18,436,686	14,526,037
Limited use cash	706,063	500,715
Property and equipment, *net*	12,963,076	11,408,850
Other assets		
Other assets	458,727	380,168
Certificates of deposit	125,000	125,000
Total other assets	583,727	505,168
Total assets	$ 32,689,552	$ 26,940,770
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 1,631,974	$ 1,427,567
Accrued expenses	1,278,572	1,212,565
Bonds payable, current portion	300,000	300,000
Accrued loss contingency	400,000	400,000
Total current liabilities	3,610,546	3,340,132
Long term liabilities		
Bonds payable	5,100,000	5,400,000
Total liabilities	8,710,546	8,740,132
Net assets		
Unrestricted	23,979,006	18,200,638
Temporarily restricted	-	-
Total net assets	23,979,006	18,200,638
Total liabilities and net assets	$ 32,689,552	$ 26,940,770

See independent auditor's report and the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Activities
For the years ended June 30, 2004 and 2003

	2004	2003
Change in unrestricted net assets		
Operating revenue		
Apheresis income	$ 6,897,629	$ 5,324,581
Blood service fees	22,164,752	19,152,239
Bulk derivatives	2,790,315	2,627,797
Components	1,110,123	1,480,167
Lab fees	1,720,759	1,568,775
Total operating revenue	34,683,578	30,153,559
Operating expenses		
Salaries	8,747,979	7,955,013
Apheresis kits	1,438,795	1,229,104
Leukoreduced supplies	1,283,090	1,778,658
Bags	1,376,313	700,713
Test kits	231,091	191,336
Outsource contract testing	5,586,370	4,693,586
Public relations, advertising and recruiting	776,447	646,568
Depreciation and amortization	1,224,716	1,205,644
Other operating	9,711,822	8,228,130
Total operating expenses	30,376,623	26,628,752
Other revenue (expense)		
Contributions	204,097	8,602
Interest income	61,285	71,114
Supply sales	108,008	63,537
Realized gain (loss) on sale of assets	6,639	(42,780)
Fund raising expenses	(170,140)	(168,026)
Interest expense	(182,675)	(192,821)
Miscellaneous income	566,815	163,108
Total other revenue (expense)	594,029	(97,266)
Net assets released from restrictions	877,384	149,533
Increase in unrestricted net assets	5,778,368	3,577,074
Change in temporarily restricted net assets		
Contributions	877,384	149,533
Net assets released from restrictions	(877,384)	(149,533)
Increase in temporarily restricted net assets	-	-
Change in net assets	5,778,368	3,577,074
Net assets at beginning of year	18,200,638	14,623,564
Net assets at end of year	$ 23,979,006	$ 18,200,638

See independent auditor's report and the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Cash Flows
For the years ended June 30, 2004 and 2003

	2004	2003
Cash flows from operating activities		
Change in net assets	$ 5,778,368	$ 3,577,074
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities		
Depreciation and amortization	1,224,716	1,205,644
(Gain) Loss on sale of assets	(3,560)	50,958
(Increase) decrease in		
Receivables	(1,640,473)	130,915
Inventory	123,014	(250,084)
Prepaid expenses	(26,306)	209,418
Other assets	(157,325)	(55,208)
(Decrease) Increase in		
Accounts payable	204,407	(166,917)
Accrued expenses	66,007	282,886
Total adjustments	(209,520)	1,407,612
Net cash provided by operating activities	5,568,848	4,984,686
Cash flows from investing activities		
Proceeds from sale of assets	21,382	23,379
Redemption of treasury bills	397,998	396,766
Decrease (increase) in limited use cash	(205,348)	(46,863)
Purchase of treasury bills	(303,541)	(398,580)
Purchase of fixed assets and construction in progress	(2,714,919)	(1,074,286)
Net cash used in investing activities	(2,804,428)	(1,099,584)
Cash flows from financing activities		
Payments of long-term debt	(300,000)	(300,000)
Net cash provided by (used in) financing activities	(300,000)	(300,000)
Net increase (decrease) in cash and cash equivalents	2,464,420	3,585,102
Cash and cash equivalents-beginning of year	8,443,475	4,858,373
Cash and cash equivalents-end of year	$ 10,907,895	$ 8,443,475
Supplemental Cash Flow Information		
Interest Paid	$ 177,210	$ 193,629

See independent auditor's report and the accompanying notes to consolidated financial statements.

Note 1 - Nature of Business
LifeShare Blood Centers (the "Center") is engaged in the procurement of blood donations, processing those donations, and supplying the donated blood and related components to hospitals and other healthcare facilities. The Center has facilities located in Shreveport, Bossier City, Monroe, Ruston, Alexandria and Lake Charles, Louisiana, and Beaumont, Texas.

During the year ended June 30, 2000, the board of directors and members approved a plan of reorganization. Under this plan of reorganization, the Center transferred all of its real property to Blood Center Properties, Inc. ("Properties"). Properties then leased the transferred facilities to the Center. Also under this plan of reorganization, another entity, LifeShare Blood Centers Foundation ("Foundation"), was formed. The three entities are operated under common management. The boards of Properties and Foundation consist of five members who are also on the board of the Center.

The Center and its affiliates, Properties and Foundation, will be collectively referred to as the "Organization."

Note 2 - Summary of Significant Accounting Principles

Financial statement presentation The Organization has adopted *Statement of Financial Accounting* Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> ***Unrestricted net assets*** - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.
>
> ***Temporarily restricted net assets*** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or by the passage of time. Changes in temporarily restricted net assets represent the Organization's recognition of the donation of donor-restricted assets and the release of the restriction once the asset has been used as directed.
>
> ***Permanently restricted net assets*** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes. There are no permanently restricted net assets.

Consolidation The financial statements as of and for the years ended June 30, 2004 and 2003 include the accounts of LifeShare Blood Centers, Blood Center Properties, Inc., and LifeShare Blood Centers Foundation. All material intercompany transactions have been eliminated in the consolidated financial statements.

Income taxes The Center is engaged in the supply of donated blood and blood components to patients primarily through area hospitals. The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Properties and Foundation are also exempt from income taxes under Section 50l(c)(3) of the Internal Revenue Code.

Bad debts Management believes all accounts receivable are collectible. Therefore, the Organization has not included a provision for uncollectible accounts. Any accounts deemed to be uncollectible are charged to expense when that determination is made.

Inventory Inventory consists of supplies held for use and blood products. Supplies inventory is recorded at the lower of cost (first-in, first-out) or market (net realizable value). Donated blood inventory is valued using the estimated cost to collect and process blood and blood products.

Property and Equipment The Organization capitalizes the cost of land, buildings, and equipment in excess of $2,500. Improvements are capitalized when they extend an asset's useful life or increase its value. Otherwise, they are charged to operations. Donations of property and equipment are recorded at their fair value at the date of the gift.

Depreciation The Organization uses the straight-line method of depreciation with estimated useful lives of three to five years for automobiles and trucks, five to ten years for furniture, fixtures and equipment, thirty-five to forty years for buildings, and five to fifteen years for building improvements.

Investments Under the provisions of Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" (FAS No. 124), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Gains or losses on the sale of securities are recognized on a specific identification method.

Estimates The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Cash equivalents For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Note 3 – Reclassifications

Certain balances and amounts presented in the 2003 financial statements have been reclassified to conform to the 2004 presentation. These reclassifications have no effect on change in net activities.

Note 4 - Investments

At June 30, 2004 and 2003, investments (cost approximates fair market value) consisted of the following:

	2004	2003
U. S. Treasury Bills, at market	$ -	$ 198,908
Certificates of deposit	1,023,031	923,031
Common stocks	4,451	3,079
	$ 1,027,482	$ 1,125,018

Note 5 - Inventory

At June 30, 2004 and 2003, inventories consisted of the following:

	2004	2003
Supplies	$ 920,527	$ 993,873
Blood and blood products	530,317	579,985
	$ 1,450,844	$ 1,573,858

Note 6 - Receivables

At June 30, 2004 and 2003, receivables consisted of the following:

	2004	2003
Due for blood processing	$ 4,411,518	$ 3,188,227
Interest income	7,241	3,983
Other	466,487	52,563
	$ 4,885,246	$ 3,244,773

Note 7 - Limited use cash

These cash balances are deposited in the bond escrow fund and the excess cash contribution fund, based on the amounts required to be deposited as described in Note 11. The use of these funds is dedicated to the purposes specified in the related bond agreement (repayment of the principal) and is therefore limited as to use.

Note 8 - Property and Equipment

At June 30, 2004 and 2003, property and equipment consisted of the following:

	2004	2003
Land	$ 2,636,472	$ 1,372,454
Buildings and improvements	10,669,129	9,219,590
Vehicles	2,574,486	2,421,275
Equipment	*5,144,086* *	4,684,151
Furniture and fixtures	969,890	861,515
Projects in progress	42,356	901,837
	22,036,419	19,460,822
Less: Accumulated depreciation	(9,073,343)#	(8,051,972)
	$ 12,963,076	$ 11,408,850

Notes:

- * - equipment includes $63,150 of capitalized lease asset costs.
- # - accumulated depreciation includes $7,518 in accumulated amortization

Note 9 - Other assets

At June 30, 2004 and 2003, investments and other assets consisted of the following:

	2004	2003
Capital contribution and allocated profits with Community Blood Centers' Exchange (A)	$ 231,433	$ 228,183
Bond issue costs, net (B)	137,839	145,908
Letter of credit fees, net (B)	75,220	5,371
Deposits	12,352	706
Other	1,883	-
	$ 458,727	$ 380,168

A. During 1993, the Board of Trustees approved a capital contribution of $103,097 to the Community Blood Centers' Exchange to form a captive professional liability insurance company to be owned and operated by blood center members. Subsequent to the initial contribution, the Center received cumulative profit allocations which total $127,794 and $125,087 as of June 30, 2004, and June 30, 2003, respectively. These profit allocations, plus interest, will be paid to the Center by the Exchange as its board of directors and the Indiana Department of Insurance direct.

B. As of June 30, 2004 and 2003, other assets consisted of bond issue costs of $137,839 and $145,908, respectively, which are net of accumulated amortization of $31,602 and $23,534, respectively, and line of credit fees of $75,220 and $5,371, respectively, which are net of accumulated amortization of $65,326 and $59,080, respectively, and various deposits made in the ordinary course of business.

Note 10 - Certificates of deposit

As of June 30, 2004 and 2003, $125,000 of certificates of deposit was held by the Louisiana State Treasurer as part of the Louisiana Patient's Compensation Fund for self-insurance.

Note 11 - Bonds Payable

In July 2000, Properties entered into an agreement with the Louisiana Public Facilities Authority, a Louisiana public trust, to issue $6,000,000 in variable-rate industrial development bonds. The proceeds of these bonds were then loaned to Properties. Under the terms of the agreement, which is dated July 27, 2000, interest is payable monthly on a variable basis, which adjusts weekly. The interest rate as of June 30, 2001, was 2.80%. Subsequently, Properties locked in the interest rate at 4.24% for $4,000,000 of the bonds, with the remainder under variable rates. Beginning July 2001, Properties is required to make monthly deposits of $25,000 into a payment escrow account to fund the scheduled redemption of the bonds. The bonds require annual principal payments of $300,000 beginning June 30, 2002.

The bond issue is enhanced by a letter of credit from Bank One in the amount of $5,466,575, which matures April 15, 2009. Blood Center Properties, Inc., LifeShare Blood Centers, and LifeShare Blood Centers Foundation guarantee the letter of credit. The letter of credit is secured by mortgages on Properties' real estate and fixtures in Shreveport, Lake Charles, and Alexandria. Additionally, the letter of credit is secured by a security interest in all of the Organization's equipment.

The amounts due under this bond payable as of June 30, 2004, are as follows:

Balance of Bonds Payable	$	5,400,000
Less current maturities		300,000
Long-term portion	$	5,100,000

Following is a schedule of the bond sinking fund requirements for the next five fiscal years and the current deposit for the fiscal years ending June 30:

2005	$	300,000
2006		300,000
2007		300,000
2008		300,000
2009		300,000
2010		300,000
Thereafter		3,600,000
	$	5,400,000

The original agreement required that beginning October 31, 2001, and annually thereafter, Properties will make additional principal payments equal to 25% of net free cash flow. Net free cash flow is calculated on a combined basis for Blood Center Properties, Inc., LifeShare Blood Centers, and LifeShare Blood Centers Foundation and is defined as: change in unrestricted net assets for the preceding fiscal year plus amortization and depreciation expense, less amortization of capital leases, principal reductions on term loans and bonds, and capital expenditures not financed externally. This requirement was waived for the payment due October 2001. In October 2002, Bank One and Properties entered into an amendment of this agreement which modified the provision herein to require the lesser of $200,000 or 25% of Net Free Cash Flow for the fiscal year most recently ended to be deposited into an interest bearing account at Bank One in the name of Properties or as a deposit into a payment escrow account. In accordance with this provision, Properties deposited $200,000 in November 2002 and again in November 2003 into a Bank One interest-bearing account designated for this purpose. This deposit is reflected in the accompanying financial statements, included in the balance of Limited Use Cash, see Note 7.

During 2004 and 2003, the Center incurred interest associated with the bond payable of $176,987 and $192,746, respectively, of which $-0- and $-0-, respectively, was capitalized.

Bond issuance costs of $169,441 are being amortized over the bond term of twenty-one years, see Note 9. The revenue bond indenture places limits on the incurrence of additional borrowings. The various bond agreements also require the Organization to meet certain covenants. As of June 30, 2004, the Organization is in compliance. Annual letter of credit fees of $140,546 (includes $71,264 for the 2003-2004 year and $69,282 for the 2004-2005 year) and $64,450 for 2004 and 2003, respectively, associated with obtaining the letter of credit are being amortized over one year.

Note 12 - Employees' Retirement Plan

LifeShare Blood Centers amended its retirement plan to include a 401(k) option (the "Plan") as of January 1, 1997. It covers all employees of the Center who have one year of participation service and have reached the age of twenty-one. Under the terms of the Plan, the Center has elected to make contributions to the Plan based on employee compensation. Such contributions are six percent of employee compensation. Employees may make additional contributions to the Plan. Other operating expenses for 2004 and 2003 include approximately $427,928 and $381,001, respectively, of contributions to the Plan.

Note 13 – Leases

Operating Leases - The Center leases various office and lab equipment, storage space, and office space used in its operations. In addition, the Center has entered into an "agreement of lease" with PHH Fleetamerica Corporation. Under this agreement, the Center may lease vehicles with terms extending greater than twelve months (usually approximating sixty months) or twelve-month terms with certain renewal options. As of June 30, 2004, ten (10) vehicles were leased with initial terms in excess of twelve months, which are included in the following future lease payments. In addition, the Center leases ten (10) vehicles on a month-to-month basis after the initial twelve-month term has expired.

Future minimum lease payments for the next five years are presented below:

Year ending June 30,		
2005	$	623,116
2006		534,769
2007		185,570
2008		64,216
2009		-
Thereafter		-
Total	$	1,407,671

Operating expenses include rent expense for the years ended June 30, 2004 and 2003 of $763,151 and $685,123, respectively.

Capital Leases - The Center leases equipment under a capital lease that expires in 2008. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over the lower of the related lease term or its estimated useful life. Amortization of the asset under the capital lease charged to expense in 2004 was $7,518 and is included in depreciation and amortization expense. A gross asset recorded as a capital lease, $63,150, and accumulated depreciation, $7,518, are included in property and equipment on the balance sheet as of June 30, 2004, see Note 8.

Minimum future lease payments under the capital lease as of June 30, 2004, is as follows:

2005	$	15,997
2006		15,997
2007		15,997
2008		10,665
Total minimum lease payments		58,656
Less: Amount representing interest	(	9,840)
Present value of minimum lease payments		48,816
Less: Current Obligation	(	11,176)
Long Term Obligation	$	37,640

Interest rates on capitalized leases are imputed based upon the lower of the Center's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

Note 14 - Commitments and Contingencies

The Center provides its employees health insurance coverage on a self-funded basis. The Center uses a third-party administrator and insurance company to administer its claims and to provide stop-loss coverage. The estimated liability for the claims incurred through year end that were unpaid are included in the Center's accrued expenses.

The Center is a defendant in various legal actions arising from normal business activities. Management intends to vigorously defend these actions. The Center has established a $400,000 provision for loss contingency for various cases in which management believes there is exposure. Management believes any exposure from other actions, after amounts covered by insurance and the Louisiana Patient's Compensation Fund, will not have a material effect on financial position or results of operations.

Note 15 - Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2004 and 2003, the Organization exceeded the insured limit by approximately $7,641,234 and $8,526,382, respectively. The excess is invested in repurchase agreements that are secured by pools of federal agency marketable securities.

Note 16 - Advertising

Advertising costs are charged to operations as incurred. For 2004 and 2003, the Center incurred $108,631 and $65,752, respectively.

Note 17 - State Cooperative Agreement

In March 2002, the Organization entered into an agreement with the State of Louisiana to cooperate in the construction of facilities in Ouachita Parish, Louisiana. The agreement required the Organization to contribute local matching funds totaling $700,000, which the state matched with $785,000 in acquisition and renovation funds. Renovation were completed and the building was occupied in December 2004. The facility is owned by LifeShare Blood Centers until satisfaction of the state bond-issue funding capital outlay. The Center had expended the entire $785,000 in state cooperative funds granted through June 30, 2004.

Additional Information

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Schedules of Other Operating Expenses
For the years ended June 30, 2004 and 2003

	2004	2003
Auto expense	$ 299,262	$ 234,615
Computer expenses	795,165	461,631
Contract services	76,141	57,817
Donor refreshments	132,938	128,186
Donor expense	122,095	104,688
Dues and subscriptions	70,360	74,991
Employee benefits	190,331	166,917
Group and family health plan	33,977	84,013
Insurance	2,167,770	1,983,492
Operations	1,112,903	743,012
Professional fees	244,817	239,597
Miscellaneous	13,746	56,713
Miscellaneous taxes	27,561	15,160
Office supplies and postage	256,277	210,652
Payroll taxes	660,143	638,304
Printing	192,905	184,939
Rentals/auto leases	754,451	677,023
Repairs, maintenance and security service	733,284	671,557
Retirement plan contributions	427,928	381,001
Shipping	336,976	252,068
Supplies and small instruments	80,574	26,087
Tax and freight	122,420	87,868
Telephone	275,868	251,877
Travel and education	333,893	277,693
Utilities	250,037	218,229
	$ 9,711,822	$ 8,228,130

See independent auditor's report and the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Financial Position
June 30, 2004

	LifeShare Blood Centers	Blood Center Properties, Inc.	LifeShare Blood Centers Foundation	Consolidation and Elimination Entries	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 6,426,985	$ 1,040,331	$ 3,440,579	$ -	$ 10,907,895
Investments	1,027,482	-	-	-	1,027,482
Receivables	4,879,285	6,961	-	(1,000)	4,885,246
Inventory	1,450,844	-	-	-	1,450,844
Prepaid expenses	165,219	-	-	-	165,219
Total current assets	13,949,815	1,047,292	3,440,579	(1,000)	18,436,686
Limited use cash	-	706,063	-	-	706,063
Property and equipment					
Land	154,000	2,482,472	-	-	2,636,472
Buildings and improvements	1,721,080	8,948,049	-	-	10,669,129
Vehicles	2,574,486	-	-	-	2,574,486
Equipment	4,755,026	389,060	-	-	5,144,086
Furniture and fixtures	725,291	244,599	-	-	969,890
Projects in progress	23,683	18,673	-	-	42,356
	9,953,566	12,082,853	-	-	22,036,419
Less: Accumulated depreciation	(6,092,435)	(2,980,908)	-	-	(9,073,343)
Net property, plant and equipment	3,861,131	9,101,945	-	-	12,963,076
Other assets					
Other assets	245,469	213,158	100	-	458,727
Certificates of deposit	125,000	-	-	-	125,000
Total other assets	370,469	213,158	100	-	583,727
Total assets	$ 18,181,415	$ 11,068,458	$ 3,440,679	($ 1,000)	$ 32,689,552
Liabilities and Net Assets					
Current liabilities					
Accounts payable	$ 1,630,280	$ 1,694	$ -	$ -	$ 1,631,974
Accrued expenses	1,264,015	14,557	1,000	(1,000)	1,278,572
Bonds payable	-	300,000	-	-	300,000
Accrued loss contingency	400,000	-	-	-	400,000
Total current liabilities	3,294,295	316,251	1,000	(1,000)	3,610,546
Long term liabilities					
Bonds payable	-	5,100,000	-	-	5,100,000
Total liabilities	3,294,295	5,416,251	1,000	(1,000)	8,710,546
Net assets					
Unrestricted	14,887,120	5,652,207	3,439,679	-	23,979,006
Temporarily restricted	-	-	-	-	-
Total net assets	14,887,120	5,652,207	3,439,679	-	23,979,006
Total liabilities and net assets	$ 18,181,415	$ 11,068,458	$ 3,440,679	($ 1,000)	$ 32,689,552

See independent auditor's report and the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Financial Position
June 30, 2003

	LifeShare Blood Centers	Blood Center Properties, Inc.	LifeShare Blood Centers Foundation	Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ 6,608,864	$ 1,833,611	$ 1,000	$ 8,443,475
Investments	1,125,018	-	-	1,125,018
Receivables	3,242,140	3,633	(1,000)	3,244,773
Inventory	1,573,858	-	-	1,573,858
Prepaid expenses	138,913	-	-	138,913
Total current assets	12,688,793	1,837,244	-	14,526,037
Limited use cash	-	500,715	-	500,715
Property and equipment				
Land	-	1,372,454	-	1,372,454
Buildings and improvements	271,541	8,948,049	-	9,219,590
Vehicles	2,421,275	-	-	2,421,275
Equipment	4,295,091	389,060	-	4,684,151
Furniture and fixtures	616,916	244,599	-	861,515
Projects in progress	888,910	12,927	-	901,837
	8,493,733	10,967,089	-	19,460,822
Less: Accumulated depreciation	(5,534,645)	(2,517,327)	-	(8,051,972)
Net property, plant and equipment	2,959,088	8,449,762	-	11,408,850
Other assets				
Other assets	228,791	151,377	-	380,168
Certificates of deposit	125,000	-	-	125,000
Total other assets	353,791	151,377	-	505,168
Total assets	$ 16,001,672	$ 10,939,098	$ -	$ 26,940,770
Liabilities and Net Assets				
Current liabilities				
Accounts payable	$ 1,427,567	$ -	$ -	$ 1,427,567
Accrued expenses	1,197,786	14,779	-	1,212,565
Bonds payable	-	300,000	-	300,000
Accrued loss contingency	400,000	-	-	400,000
Total current liabilities	3,025,353	314,779	-	3,340,132
Long term liabilities				
Bonds payable	-	5,400,000	-	5,400,000
Total liabilities	3,025,353	5,714,779	-	8,740,132
Net assets				
Unrestricted	12,976,319	5,224,319	-	18,200,638
Temporarily restricted	-	-	-	-
Total net assets	12,976,319	5,224,319	-	18,200,638
Total liabilities and net assets	$ 16,001,672	$ 10,939,098	$ -	$ 26,940,770

See independent auditor's report and the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Activities
For the year ended June 30, 2004

	LifeShare Blood Centers	Blood Center Properties, Inc.	LifeShare Blood Centers Foundation	Consolidation and Elimination Entries	Consolidated
Change in unrestricted net assets					
Operating revenue					
Apheresis income	$ 6,897,629	$ -	$ -	$ -	$ 6,897,629
Blood service fees	22,164,752	-	-	-	22,164,752
Bulk derivatives	2,790,315	-	-	-	2,790,315
Components	1,110,123	-	-	-	1,110,123
Lab fees	1,720,759	-	-	-	1,720,759
Total operating revenues	34,683,578	-	-	-	34,683,578
Operating expenses					
Salaries	8,747,979	-	-	-	8,747,979
Apheresis supplies and testing	1,438,795	-	-	-	1,438,795
Leukoreduced supplies	1,283,090	-	-	-	1,283,090
Bags	1,376,313	-	-	-	1,376,313
Test kits	231,091	-	-	-	231,091
Outsource contract testing	5,586,370	-	-	-	5,586,370
Public relations, advertising and recruiting	776,447	-	-	-	776,447
Depreciation and amortization	682,370	542,346	-	-	1,224,716
Rent	1,156,848	(1,156,848)	-	-	-
Other operating	12,938,148	23,674	-	(3,250,000)	9,711,822
Total operating expenses	34,217,451	(590,828)	-	(3,250,000)	30,376,623
Other revenue (expense)					
Contributions	17,802	-	3,436,295	(3,250,000)	204,097
Interest income	43,854	14,047	3,384	-	61,285
Supply sales	108,008	-	-	-	108,008
Realized (loss) gain on sale of assets	6,639	-	-	-	6,639
Fund raising expenses	(170,140)	-	-	-	(170,140)
Interest expense	(5,688)	(176,987)	-	-	(182,675)
Miscellaneous income	566,815	-	-	-	566,815
Total other revenue	567,290	(162,940)	3,439,679	(3,250,000)	594,029
Net assets released from restrictions	877,384	-	-	-	877,384
Increase (decrease) in unrestricted net assets	1,910,801	427,888	3,439,679	-	5,778,368
Change in temporarily restricted net assets					
Contributions	877,384	-	-	-	877,384
Net assets released from restrictions	(877,384)	-	-	-	(877,384)
Increase (decrease) in temporarily restricted net assets	-	-	-	-	-
Change in net assets	1,910,801	427,888	3,439,679	-	5,778,368
Net assets at beginning of year	12,976,319	5,224,319	-	-	18,200,638
Net assets at end of year	$ 14,887,120	$ 5,652,207	$ 3,439,679	$ -	$ 23,979,006

See independent auditor's report and the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Activities
For the year ended June 30, 2003

	LifeShare Blood Centers	Blood Center Properties, Inc.	Consolidated
Change in unrestricted net assets			
Operating revenue			
Apheresis income	$ 5,324,581	$ -	$ 5,324,581
Blood service fees	19,152,239	-	19,152,239
Bulk derivatives	2,627,797	-	2,627,797
Components	1,480,167	-	1,480,167
Lab fees	1,568,775	-	1,568,775
Total operating revenues	30,153,559	-	30,153,559
Operating expenses			
Salaries	7,955,013	-	7,955,013
Apheresis supplies and testing	1,229,104	-	1,229,104
Leukoreduced supplies	1,778,658	-	1,778,658
Bags	700,713	-	700,713
Test kits	191,336	-	191,336
Outsource contract testing	4,693,586	-	4,693,586
Public relations, advertising and recruiting	646,568	-	646,568
Depreciation and amortization	666,285	539,359	1,205,644
Rent	1,156,848	(1,156,848)	-
Other operating	8,222,931	5,199	8,228,130
Total operating expenses	27,241,042	(612,290)	26,628,752
Other revenue (expense)			
Contributions	8,602	-	8,602
Interest income	57,883	13,231	71,114
Supply sales	63,537	-	63,537
Realized (loss) gain on sale of assets	(42,780)	-	(42,780)
Fund raising expenses	(168,026)	-	(168,026)
Interest expense	(75)	(192,746)	(192,821)
Miscellaneous income	163,108	-	163,108
Total other revenue	82,249	(179,515)	(97,266)
Net assets released from restrictions	149,533	-	149,533
Increase (decrease) in unrestricted net assets	3,144,299	432,775	3,577,074
Change in temporarily restricted net assets			
Contributions	149,533	-	149,533
Net assets released from restrictions	(149,533)	-	(149,533)
Increase (decrease) in temporarily restricted net assets	-	-	-
Change in net assets	3,144,299	432,775	3,577,074
Net assets at beginning of year	9,832,020	4,791,544	14,623,564
Net assets at end of year	$ 12,976,319	$ 5,224,319	$ 18,200,638

See independent auditor's report and the accompanying notes to consolidated financial statements.

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LifeShare Blood Centers and Affiliates

We have audited the consolidated statements of financial position of LifeShare Blood Centers and Affiliates (Louisiana not-for-profit corporations) as of June 30, 2004 and 2003, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the LifeShare Blood Centers and Affiliates' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LifeShare Blood Centers and Affiliates as of June 30, 2004 and 2003, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated September 16, 2004, on our consideration of the LifeShare Blood Centers and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated statements taken as a whole. The additional information shown on pages 11 – 15 is presented for purposes of additional analysis and is not a required part of these consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Roberts, Cherry and Company

Roberts, Cherry and Company

A Corporation of Certified
Public Accountants
Shreveport, Louisiana
September 16, 2004

A Corporation of Certified Public Accountants • P. O. BOX 4278 • SHREVEPORT, LA 71134-0278 • (318) 222-2222 • FAX (318) 226-7150

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Consultants

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Directors
LifeShare Blood Centers and Affiliates

We have audited the financial statements of the **LifeShare Blood Centers and Affiliates** as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance
As part of obtaining reasonable assurance about whether the **LifeShare Blood Centers and Affiliates'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting
In planning and performing our audit, we considered the **LifeShare Blood Centers and Affiliates'** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of **LifeShare Blood Centers and Affiliates**, its management, the State of Louisiana Legislative Auditor, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Roberts, Cherry and Company
Roberts, Cherry and Company

A Corporation of Certified
Public Accountants
Shreveport, Louisiana
September 16, 2004

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