

**THE BLOOD CENTER  
and  
THE BLOOD CENTER FOUNDATION**

Audits of Combined Financial Statements

December 31, 2021 and 2020



## Contents

---

<b>Independent Auditor's Report</b>	1 - 3
-------------------------------------	-------

---

### **Combined Financial Statements**

Combined Statements of Financial Position	4
Combined Statements of Activities and Changes in Net Assets	5
Combined Statements of Cash Flows	6
Combined Statements of Functional Expenses	7 - 8
Notes to Combined Financial Statements	9 - 23

---

### **Supplementary Information**

Schedule I - Combining Statement of Financial Position	25
Schedule II - Combining Statement of Activities and Changes in Net Assets	26

---

<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	27 - 28
--	---------

## Independent Auditor's Report

To the Boards of Directors of  
The Blood Center and The Blood Center Foundation

### Opinion

We have audited the combined financial statements of The Blood Center (a Louisiana non-profit organization) and The Blood Center Foundation (a Louisiana non-profit organization), which comprise the combined statements of financial position as of December 31, 2021 and 2020, the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of The Blood Center and The Blood Center Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Blood Center and The Blood Center Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Blood Center's and The Blood Center Foundation's ability to continue as a going concern within one year after the date that the combined financial statements are issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on these combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in these combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Blood Center's and The Blood Center Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Blood Center's and The Blood Center Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

**Other Report Required by *Government Auditing Standards***

In Accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022 on our consideration of The Blood Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Blood Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Blood Center's internal controls over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
March 7, 2022

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Combined Statements of Financial Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 7,228,301	\$ 8,353,044
Certificates of Deposit	103,708	100,850
Trade Receivables, Net	2,708,284	3,329,132
Current Portion of Note Receivable from Related Party	142,857	142,857
Accrued Interest Receivable	16,260	13,684
Other Receivables	528,588	270,968
Inventories	1,030,635	1,227,859
Prepaid Expenses and Deposits	568,999	458,975
<b>Total Current Assets</b>	<b>12,327,632</b>	<b>13,897,369</b>
<b>Property, Plant, and Equipment, Net</b>	<b>12,650,147</b>	<b>12,689,190</b>
<b>Other Assets</b>		
Note Receivable from Related Party	583,334	726,191
Investment in Marketable Securities, Designated by the Board	15,408,605	9,934,116
Other Investments, at Cost	354,908	325,908
BCx Surplus Notes	226,128	226,128
<b>Total Other Assets</b>	<b>16,572,975</b>	<b>11,212,343</b>
<b>Total Assets</b>	<b>\$ 41,550,754</b>	<b>\$ 37,798,902</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,156,515	\$ 918,102
Accrued Liabilities	845,257	1,121,483
Reserve for Blood Plan Claims	30,000	30,000
<b>Total Current Liabilities</b>	<b>2,031,772</b>	<b>2,069,585</b>
<b>Total Liabilities</b>	<b>2,031,772</b>	<b>2,069,585</b>
<b>Net Assets</b>		
Without Donor Restrictions		
Undesignated	24,110,377	25,795,201
Designated by the Board for Operating Reserve	15,408,605	9,934,116
<b>Total Net Assets</b>	<b>39,518,982</b>	<b>35,729,317</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 41,550,754</b>	<b>\$ 37,798,902</b>

The accompanying notes are an integral part of these combined financial statements.

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Combined Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Net Assets Without Donor Restrictions</b>		
<b>Operating Revenues</b>		
Blood and Components	\$ 18,832,343	\$ 21,100,631
Outside Testing	2,910,158	2,699,543
Reference Lab	4,848,355	4,365,042
Therapeutic Apheresis	437,748	410,075
PPP Grant and Other Income	189,011	2,011,300
Property Insurance Recoveries	665,000	-
<b>Total Operating Revenues</b>	<b>27,882,615</b>	<b>30,586,591</b>
<b>Operating Expenses</b>		
Program Services	20,801,253	21,431,203
General and Administrative	5,906,935	5,137,668
<b>Total Operating Expenses</b>	<b>26,708,188</b>	<b>26,568,871</b>
<b>Results of Operations</b>	<b>1,174,427</b>	<b>4,017,720</b>
<b>Non-Operating Revenues (Expenses)</b>		
Net Investment Return	1,517,002	1,086,006
Other Revenues	1,098,236	69,046
<b>Non-Operating Revenues, Net</b>	<b>2,615,238</b>	<b>1,155,052</b>
<b>Changes in Net Assets without Donor Restrictions</b>	<b>3,789,665</b>	<b>5,172,772</b>
<b>Changes in Net Assets</b>	<b>3,789,665</b>	<b>5,172,772</b>
<b>Net Assets, Beginning of Year</b>	<b>35,729,317</b>	<b>30,556,545</b>
<b>Net Assets, End of Year</b>	<b>\$ 39,518,982</b>	<b>\$ 35,729,317</b>

The accompanying notes are an integral part of these combined financial statements.

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Combined Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	\$ 3,789,665	\$ 5,172,772
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,104,137	1,029,515
Unrealized Gain on Investments	(1,247,970)	(952,092)
Net Investment Income Reinvested in Marketable Securities	(226,519)	(106,625)
Property Insurance Recoveries	(151,323)	-
Property Impairment	659,682	
(Increase) Decrease in Operating Assets		
Certificates of Deposit	(2,858)	(797)
Trade Receivables	620,848	(493,495)
Accrued Interest Receivable	(2,576)	18,712
Other Receivables	(257,620)	(58,831)
Inventories	197,224	(46,154)
Prepaid Expenses and Deposits	(110,024)	155,409
Increase (Decrease) in Operating Liabilities		
Accounts Payable	238,413	(44,424)
Accrued Liabilities	(276,226)	350,910
<b>Net Cash Provided by Operating Activities</b>	<b>4,334,853</b>	<b>5,024,900</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant, and Equipment	(1,065,094)	(744,189)
Proceeds from Property Insurance Recoveries	151,323	-
Property Impairment Repairs	(659,682)	
Purchase of Marketable Securities	(4,000,000)	-
Increase in Other Investments, at Cost	(29,000)	-
Decrease in Other Investments	-	38,823
Decrease in BCx Surplus Notes	-	522
Repayments on Notes Receivable from Related Parties	142,857	130,952
<b>Net Cash Used in Investing Activities</b>	<b>(5,459,596)</b>	<b>(573,892)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(1,124,743)</b>	<b>4,451,008</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>8,353,044</b>	<b>3,902,036</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 7,228,301</b>	<b>\$ 8,353,044</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid During the Year for Interest	\$ -	\$ 51

The accompanying notes are an integral part of these combined financial statements.



**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Combined Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	Program Services					General and Administrative	Total
	Blood and Components	Outside Testing	Reference Lab	Therapeutic Apheresis	Total		
Salary and Wages	\$ 5,683,792	\$ 294,313	\$ 473,797	\$ 259,799	\$ 6,711,701	\$ 1,773,855	\$ 8,485,556
Payroll Taxes and Benefits	1,577,988	72,717	105,767	85,308	1,841,780	455,083	2,296,863
Supplies and Materials	3,863,805	1,417,717	391,968	94,923	5,768,413	151,168	5,919,581
Marketing Services	756,105	-	-	-	756,105	28,172	784,277
Professional Development	112,155	4,652	18,502	-	135,309	-	135,309
Contractual Services	2,952,287	592,964	65,747	19,423	3,630,421	3,480,899	7,111,320
Expenditures for Blood	844,675	-	8,712	-	853,387	-	853,387
Administrative Expenses	-	-	-	-	-	17,758	17,758
<b>Total Expenses Before Depreciation</b>	<b>15,790,807</b>	<b>2,382,363</b>	<b>1,064,493</b>	<b>459,453</b>	<b>19,697,116</b>	<b>5,906,935</b>	<b>25,604,051</b>
Depreciation	883,309	88,331	77,290	55,207	1,104,137	-	1,104,137
<b>Total Expenses</b>	<b>\$ 16,674,116</b>	<b>\$ 2,470,694</b>	<b>\$ 1,141,783</b>	<b>\$ 514,660</b>	<b>\$ 20,801,253</b>	<b>\$ 5,906,935</b>	<b>\$ 26,708,188</b>

The accompanying notes are an integral part of these combined financial statements.

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Combined Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

	Program Services					General and Administrative	Total
	Blood and Components	Outside Testing	Reference Lab	Therapeutic Apheresis	Total		
Salary and Wages	\$ 5,666,264	\$ 287,155	\$ 526,161	\$ 319,741	\$ 6,799,321	\$ 1,935,530	\$ 8,734,851
Payroll Taxes and Benefits	1,970,960	94,310	135,357	116,548	2,317,175	609,757	2,926,932
Supplies and Materials	4,459,775	1,805,489	499,178	120,886	6,885,328	192,685	7,078,013
Marketing Services	770,629	-	-	-	770,629	11,535	782,164
Professional Development	127,096	5,272	20,967	-	153,335	80,383	233,718
Contractual Services	1,502,488	389,510	43,189	12,759	1,947,946	2,286,818	4,234,764
Expenditures for Blood	1,478,153	-	49,801	-	1,527,954	-	1,527,954
Administrative Expenses	-	-	-	-	-	20,960	20,960
<b>Total Expenses Before Depreciation</b>	<b>15,975,365</b>	<b>2,581,736</b>	<b>1,274,653</b>	<b>569,934</b>	<b>20,401,688</b>	<b>5,137,668</b>	<b>25,539,356</b>
Depreciation	823,612	82,361	72,066	51,476	1,029,515	-	1,029,515
<b>Total Expenses</b>	<b>\$ 16,798,977</b>	<b>\$ 2,664,097</b>	<b>\$ 1,346,719</b>	<b>\$ 621,410</b>	<b>\$ 21,431,203</b>	<b>\$ 5,137,668</b>	<b>\$ 26,568,871</b>

The accompanying notes are an integral part of these combined financial statements.

# THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

## Notes to Combined Financial Statements

---

### Note 1. Nature of Activities

The Blood Center (the Center) is a Louisiana non-profit organization established to operate blood bank facilities and serve as a liaison between blood donors and hospitals and other health care organizations. In addition, the Center provides testing, reference laboratory, and therapeutic apheresis services for hospitals and other health care organizations. The hospitals and other health care organizations for which the Center serves are located primarily in Louisiana and Mississippi. The Center is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Blood Center Foundation (the Foundation) is a Louisiana non-profit organization established to provide financial support to organizations dedicated to the procurement and provision of blood components and provide technical support to the blood banking profession in the community they serve. The Foundation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Blood Center and The Blood Center Foundation are collectively referred to as the Organization.

### Note 2. Summary of Significant Accounting Policies

#### Principles of Combination

The accompanying combined financial statements include the accounts of the Center and the Foundation. All significant intercompany balances and transactions have been eliminated in combination.

#### Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, therefore, reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization has no net assets with donor restrictions.

# THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

## Notes to Combined Financial Statements

---

### Note 2. Summary of Significant Accounting Policies (Continued)

#### **Use of Estimates**

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts recorded in the combined financial statements. Actual results may differ from these estimates due to information that becomes available subsequent to the issuance of the combined financial statements or for other reasons.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid debt instruments with original maturities of three months or less.

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair values in the combined statements of financial position. Unrealized gains and losses are included in the combined statements of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

#### **Fair Value Measurement**

The Organization follows the provisions of the *Fair Value Measurement* Topic 820 of the FASB ASC. Accordingly, fair value is defined as 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 *Fair Value Measurement* Topic establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those which market participants would use in pricing the investment based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices, which are observable for the investment either directly or indirectly; including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable and includes situations where there is little, if any, market activity for the investment.

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Fair Value Measurement (Continued)**

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization considers observable data to be market data which is readily available, reliable, and provided by independent sources. The categorization of a financial instrument within the fair value hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument. Investments whose values are based on quoted market prices in active markets are classified as Level 1 and generally include active listed equities and certain fixed income investments.

##### **Trade Receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

A trade receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest of 1.5% is charged on trade receivables that are outstanding for more than 30 days and is recognized as it is charged.

##### **Other Receivables**

Other receivables are carried at the value the organization expects to receive from unrelated third parties for transactions outside the normal course of business and primarily includes expected insurance proceeds.

##### **Inventories**

Blood and blood components inventory are reported on the average selling price per unit sold, less expected cost of delivery. The cost of bags for blood collection, reagents for blood testing, and other inventory is determined based on the lower of cost (first-in, first-out method) or net realizable value.

##### **Prepaid Expenses and Deposits**

Prepaid expenses consist of premiums for insurance coverage that have been capitalized and amortized to expenses over the periods for which coverage is applicable; equipment maintenance contracts that have been paid in advance; and other miscellaneous deposits.

# THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

## Notes to Combined Financial Statements

---

### Note 2. Summary of Significant Accounting Policies (Continued)

#### Property, Plant, and Equipment

The Organization capitalizes all acquisitions of property, plant, and equipment in excess of \$1,500. Property, plant, and equipment are recorded at cost or, if donated, at estimated fair value at the date of the donation.

Depreciation is provided on the straight-line method using the following estimated useful lives:

Furniture and Fixtures	3 - 10 Years
Automobiles, Trucks, Equipment, Leasehold Improvements, and Bloodmobiles	3 - 10 Years
Buildings	25 Years

#### Reserve for Blood Plan Claims

The reserve for Blood Plan Claims represents the estimated liability associated with the Center's Blood Assurance and Blood Replacement Plans. For the Blood Assurance Plan, donors can elect to provide unlimited blood coverage for a designated beneficiary. This coverage is valid for one year from the date of the donor's blood donation. The Center will reimburse a qualified beneficiary for the cost of blood utilized for hospital stays during the year, less any amount covered by insurance. For the Blood Replacement Plan, the Center provides payment to a qualified beneficiary based on the amount of blood and blood components donated in the name of that beneficiary. The estimated liability associated with Blood Plan Claims was \$30,000 for both years ended December 31, 2021 and 2020.

#### Revenues

The Organization recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Operating revenues are reported at the amount that reflects the consideration the Organization expects to be entitled for providing goods and services to third parties. The Organization's performance obligations are satisfied at a point in time. Generally, the Organization bills third parties after services are performed or title to goods has transferred, which is typically at the customer's place of business.

The Organization is utilizing the portfolio approach practical expedient in Accounting Standards Update (ASU) 2014-09 for contracts related to operating revenue. The Organization accounts for the contracts within each portfolio as a collective group, rather than individual contracts. Each portfolio consists of homogeneous contracts pertaining to a particular revenue stream, which are based on the type of service provided and generally consistent with classifications shown within operating revenues on the combined statements of activities and changes in net assets. Based on historical collection trends and other analyses, the Organization has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Revenues (Continued)

The Organization recognizes revenue based on established rates, subject to certain discounts and implicit price concessions in accordance with its policy. Price concessions represent differences between amounts billed and the estimated consideration the Organization expects to receive from third parties, which are determined based on historical collection experience, current market conditions, and other factors.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to operating revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2021 or 2020.

For the year ended December 31, 2020, the Organization received proceeds pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act as further described in Note 9 of the Notes to the Combined Financial Statements.

Management determined that the Organization completed the conditional activities by utilizing PPP proceeds for payroll and other qualified expenditures prior to December 31, 2020, thus, it recognized PPP grant income for the amount of the PPP loan, \$2,011,300 in operating revenues in the Combined Statements of Activities and Changes in Net Assets for the year ending December 31, 2021. The loan was fully forgiven in February 2021.

##### Revenues and Significant Customers

Revenues are derived from service fees for providing blood and blood components and testing, reference and therapeutic apheresis services to blood centers, local hospitals, and laboratories, and from transactions with the Blood Centers of America, National Blood Exchange, and other independent regional blood centers.

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Revenue from Federal Contracts and Grants**

Some of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contracts or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the combined statements of financial position.

The Organization reports the proceeds received from federal grants and contracts as a component of operating revenue in the combined statements of activities and changes in net assets if the incurred qualifying expenses directly correlate with the Organization's mission. Proceeds received from federal grants and contracts to reimburse non-operating expenses are reported as part of non-operating revenue in the combined statements of activities and changes in net assets.

As further described in Note 10 in the Notes to Combined Financial Statements, During the year ending December 31, 2021, the Organization received grants from the Federal Emergency Management Agency (FEMA) for expenses incurred relating to damages sustained from Hurricane Katrina on August 29, 2005 in the amount of \$1,053,631.

##### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated the balance of its investment in marketable securities as an operating reserve.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.



## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 2. Summary of Significant Accounting Policies (Continued)

##### **Net Assets (Continued)**

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization did not have net assets with donor restrictions in 2021 or 2020.

##### **Advertising**

The Center expenses advertising costs as incurred. Advertising expenses were \$201,884 and \$146,143 for the years ended December 31, 2021 and 2020, respectively.

##### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the combined statements of activities and changes in net assets. The combined statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying combined financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

##### **Recent Accounting Pronouncements - Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 to annual periods beginning after December 15, 2021. Management does not expect the adoption of ASU 2016-02 to have a material impact on its combined financial statements.

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**

**Notes to Combined Financial Statements**

---

**Note 3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

**Financial Assets Available at December 31, 2021**

Cash and Cash Equivalents	\$ 7,228,301
Investment in Marketable Securities	15,408,605
Certificates of Deposit	103,708
Trade Receivables, Net	2,708,284
Current Portion of Note Receivable from Related Party	142,857
Accrued Interest Receivable	16,260
Other Receivables	<u>528,588</u>
 Total Financial Available Assets	 26,136,603
 Less: Those Unavailable for General Expenditures Within One Year Amount Pledged as Disclosed in Note 5	  <u>(103,708)</u>

**Financial Assets Available to Meet Cash Needs for  
General Expenditures within One Year**

\$ 26,032,895

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

**Note 4. Investment in Marketable Securities**

The governing board has designated the Organization's investment in marketable securities for an operating reserve. Investment in marketable securities at December 31, 2021 is as follows:

<u>December 31, 2021</u>	<u>Cost</u>	<u>Market</u>	<u>Excess of Market Over Cost</u>
Money Market Funds	\$ 128,752	\$ 128,752	\$ -
Equity Mutual Funds	7,728,021	10,565,067	2,837,046
U.S. Treasury Obligations	<u>4,576,000</u>	<u>4,714,786</u>	138,786
 <b>Total</b>	 <u>\$ 12,432,773</u>	 <u>\$ 15,408,605</u>	 <u>\$ 2,975,832</u>

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**

**Notes to Combined Financial Statements**

**Note 4. Investment in Marketable Securities (Continued)**

The governing board has designated the Organization's investment in marketable securities for an operating reserve. Investment in marketable securities at December 31, 2020 is as follows:

<b>December 31, 2020</b>	<b>Cost</b>	<b>Market</b>	<b>Excess of Market Over Cost</b>
Money Market Funds	\$ 39,195	\$ 39,195	\$ -
Equity Mutual Funds	4,904,785	6,463,653	1,558,868
U.S. Treasury Obligations	3,305,006	3,431,268	126,262
<b>Total</b>	<b>\$ 8,248,986</b>	<b>\$ 9,934,116</b>	<b>\$ 1,685,130</b>

The classification of investments by level within the valuation hierarchy as of December 31, 2021 and 2020 is as follows:

<b>December 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Money Market Funds</b>	<b>\$ 128,752</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 128,752</b>
<b>Equity Mutual Funds</b>	<b>10,565,067</b>	<b>-</b>	<b>-</b>	<b>10,565,067</b>
<b>U.S. Treasury Obligations</b>	<b>4,714,786</b>	<b>-</b>	<b>-</b>	<b>4,714,786</b>
<b>Total</b>	<b>\$ 15,408,605</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,408,605</b>

<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money Market Funds	\$ 39,195	\$ -	\$ -	\$ 39,195
Equity Mutual Funds	6,463,653	-	-	6,463,653
U.S. Treasury Obligations	3,431,268	-	-	3,431,268
<b>Total</b>	<b>\$ 9,934,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,934,116</b>

**Note 5. Certificates of Deposit**

At December 31, 2021 and 2020, investment in certificates consisted of one certificate of deposit in the amount of \$103,708 and \$100,850, respectively. The certificate of deposit is pledged in connection with the Center's participation in the Louisiana Patient's Compensation Fund.

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 6. Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost and are comprised of the following:

	2021	2020
<b>Depreciable Assets</b>		
Buildings	\$ 13,013,561	\$ 13,013,561
Equipment, Furniture, and Fixtures	8,120,922	8,809,944
Automobiles and Trucks	747,435	801,490
Bloodmobiles	2,281,188	1,735,137
Leasehold Improvements	485,641	644,079
	<hr/>	<hr/>
Total Depreciable Assets	24,648,747	25,004,211
Less: Accumulated Depreciation	<u>(13,946,439)</u>	<u>(14,466,726)</u>
	<hr/>	<hr/>
<b>Net Depreciable Assets</b>	<b>10,702,308</b>	<b>10,537,485</b>
<b>Non-Depreciable Assets</b>		
Land	1,947,839	1,947,839
Construction in Progress	-	203,866.00
	<hr/>	<hr/>
<b>Total Non-Depreciable Assets</b>	<b>1,947,839</b>	<b>2,151,705</b>
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 12,650,147</b>	<b>\$ 12,689,190</b>

Depreciation expenses amounted to \$1,104,137 and \$1,029,515 for the years ended December 31, 2021 and 2020, respectively.

In August 2021, Hurricane Ida made landfall on the coast of Louisiana and the Governor of Louisiana declared a state of emergency for all affected areas. The Organization sustained damages to some of its buildings and equipment. The Organization carries flood and property insurance with deductibles not to exceed \$1,500 and filed an insurance claim with its insurer for damages to buildings and equipment in the amount of approximately \$330,000 and damages to Bloodmobiles of \$335,000. Costs for repairs in that same amount have been incurred during 2021 and are included operating expenses in the Combined Statements of Activities and Changes in Net Assets.

Under U.S. GAAP, insurance recoveries are generally recognized when all contingencies are removed and the receipt of the insurance claim is probable.

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 6. Property, Plant, and Equipment (Continued)

Based on information available at the time, the Organization anticipates it will receive the amount of its claims, being paid in full. Total insurance proceeds of approximately \$665,000 were recognized in the Combined Statements of Activities and Changes in Net Assets for the year ended December 31, 2021. Approximately \$513,000 of this amount is included in Other Receivables in the combined statements of financial position as of December 31, 2021. Subsequent to year end, approximately \$513,000 of the total insurance claim has been received through February 2022 as also described in Note 16 in the Notes to Combined Financial Statements.

#### Note 7. Note Receivable from Related Party

On August 5, 2019, the Organization lent \$1,000,000 to the National Blood Testing Cooperative to fund the development, implementation, and operation of a donor testing laboratory that provides blood testing and other services to community blood centers that qualify as tax-exempt under section 501(c)(3) of the Internal Revenue Code. Interest is accrued at 5.5% per annum on unpaid principal. Pursuant to the loan agreement, equal monthly payments of principal and applicable interest are due for 73 successive months, with the remaining unpaid balance of principal and unpaid interest due and receivable in full on February 1, 2027. The remaining total balance is \$726,191 and \$869,048 as of December 31, 2021 and 2020, respectively.

#### Note 8. Other Investments

Other Investments, which are carried at their cost basis, consisted of the following:

<b>Entity</b>	<b>Investment Description</b>	<b>2021</b>	<b>2020</b>
Blood Centers of America	Equity Membership	\$ 25,000	\$ 25,000
BCx	Capitalization Fee	91,481	91,481
Blood Group Alliance, Inc.	Capitalization Fee	5,000	5,000
National Blood Testing Cooperative	Equity Membership	169,427	169,427
National Blood Collaborative	Capitalization Fee	64,000	35,000
<b>Total</b>		<b>\$ 354,908</b>	<b>\$ 325,908</b>

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### **Note 9. Paycheck Protection Program**

In April 2020, the Organization entered into a loan with a financial institution for the principal amount of \$2,011,300 pursuant to the PPP under the CARES Act. The PPP contains events of default and other conditions customary for a loan of this type. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the proceeds for payment of payroll costs, rent, and mortgage obligations, and covered utility payments, if any. The terms of any forgiveness are subject to further regulations and guidelines that the Small Business Administration (SBA) may adopt in the future.

In February, 2021, the Organization has been granted a forgiveness for the full amount of the outstanding loan and accrued interest balance.

#### **Note 10. Revenue from Federal Grant**

During 2009, the Center applied for and was awarded funding from FEMA for uninsured losses the Center sustained from Hurricane Katrina. During the year ended December 31, 2021, the Center has been approved and received FEMA funding proceeds of \$1,053,631, to reimburse qualifying expenses incurred during the period of the years from 2006 through 2009. These proceeds meet the definition of non-operating revenues and are accordingly included in other revenues within Non-Operating Revenues (Expenses) in the Combined Statement of Activities and Changes in Net Assets as of December 31, 2021.

#### **Note 11. Income Taxes**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the combined financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in non-operating expense. No such charges were incurred in the years ended December 31, 2021 and 2020, respectively.

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 12. Commitments

##### Operating Leases - Lessee

The Center leases certain facilities and equipment used in its operations under operating leases renewable on a month-to-month basis, as well as operating leases expiring in various years through 2026. Rent expense for the years ended December 31, 2021 and 2020, totaled \$409,165 and \$421,783, respectively.

Minimum future rental payments under non-cancelable operating leases with a lease term in excess of one year are as follows:

Year Ending December 31,	Amount
2022	\$ 244,724
2023	172,902
2024	140,005
2025	72,167
2026	20,400
<b>Total</b>	<b>\$ 650,198</b>

##### Other Commitments and Contingencies

The Center utilizes private commercial insurance through its affiliation with BCx, as well as participates in the Louisiana Patient's Compensation Fund, to cover risk of loss associated with medical professional liability claims filed against the Center. The Center's private commercial insurance provides coverage for claims, after the Center's deductible of \$25,000 per claim, of up to \$100,000 per claim. The Louisiana Patient's Compensation Fund provides up to \$500,000 in coverage per claim for claims in excess of the first \$100,000. The Center also has commercial insurance with coverage of up to \$5,000,000 per occurrence, with an aggregate limit of \$10,000,000.

Malpractice suits involving claims of varying amounts have been filed against the Center by various claimants. All significant claims filed to date relate to periods of time during which the Center's insurance coverage was in effect. The actions are in various stages of processing, and some may ultimately be tried before juries. Additional claims may be asserted arising from services provided to donors and/or patients during 2021 and prior years. Although the Center is unable to determine the ultimate cost of the settlement of such claims, management, based on its evaluation of the probability of loss and on the advice of counsel, has accrued \$100,000 to cover the estimated deductible pertaining to certain cases outstanding as of December 31, 2021 and 2020. This amount is included in accrued liabilities on the combined statements of financial position.

## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### Note 12. Commitments (Continued)

##### **Business Interruption Claims**

As further described in Note 6 and 16 in the Notes to Combined Financial Statements, the Organization sustained damages during Hurricane Ida in August 2021 to some of its buildings and equipment. The Organization carries flood, property, and business interruption insurance subject to certain deductibles.

In addition to the claim for property damages, the organization filed an insurance claim with its insurance carrier for business interruption of approximately \$535,000.

The ultimate recovery under a business interruption policy is highly judgmental and typically subject to substantial negotiations between the insured and the insurance company. Accordingly, it may be difficult to conclude that any potential gain is not a gain contingency, meaning the gain should not be recognized until realized, which is typically upon receipt of the insurance settlement.

Consequently, no amounts relating to the business interruption claim have been recognized for the year ended December 31, 2021.

#### Note 13. Concentrations of Credit Risk

##### **Bank Deposits**

The Organization maintains its cash accounts in two commercial banks. The amount on deposit at December 31, 2021 and 2020, exceeded the insurance limits of the Federal Deposit Insurance Corporation by approximately \$6,440,000 and \$8,690,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk loss.

##### **Investments**

Investments are subject to market risk which may result in losses.

##### **Significant Customers**

For the year ended December 31, 2021, two customers made up approximately 22% of the Center's revenues, and approximately 17% of the Center's net receivable balance as of December 31, 2021.

For the year ended December 31, 2020, two customers made up approximately 21% of the Center's revenues, and approximately 17% of the Center's net receivable balance as of December 31, 2020.



## THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION

### Notes to Combined Financial Statements

---

#### **Note 14. Pension Plan**

The Center sponsors a defined contribution retirement plan established under Section 403(b) of the Internal Revenue Code. The amount contributed by the Center for the years ended December 31, 2021 and 2020, was \$115,668 and \$99,463, respectively.

#### **Note 15. Functional Allocation of Expenses**

The combined financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and benefits, supplies and materials, marketing services, professional development, contractual services, and depreciation.

#### **Note 16. Subsequent Events**

Management has evaluated subsequent events through March 7, 2022, the date that the combined financial statements were available to be issued, and determined that the following matter requires disclosure:

As further described in Note 6 in the Notes to Combined Financial Statements, in February 2022, the organization received insurance proceeds of approximately \$513,000 related to its property loss claims.

No further events occurring after March 7, 2022 have been evaluated for inclusion in these combined financial statements.

## **SUPPLEMENTARY INFORMATION**

**THE BLOOD CENTER AND THE BLOOD CENTER FOUNDATION**  
**Combining Statement of Financial Position**  
**December 31, 2021**

**Schedule I**

	The Blood Center	The Blood Center Foundation	Eliminations	Combined
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 7,170,843	\$ 57,458	\$ -	\$ 7,228,301
Certificates of Deposit	103,708	-	-	103,708
Trade Receivables, Net	2,708,284	-	-	2,708,284
Current Portion of Note Receivable from Related Party	142,857	-	-	142,857
Accrued Interest Receivable	16,260	-	-	16,260
Other Receivables	528,588	-	-	528,588
Inventories	1,030,635	-	-	1,030,635
Prepaid Expenses and Deposits	568,999	-	-	568,999
<b>Total Current Assets</b>	<b>12,270,174</b>	<b>57,458</b>	<b>-</b>	<b>12,327,632</b>
<b>Property, Plant, and Equipment, Net</b>	<b>12,650,147</b>	<b>-</b>	<b>-</b>	<b>12,650,147</b>
<b>Other Assets</b>				
Note Receivable from Related Party	583,334	-	-	583,334
Investment in Marketable Securities, Designated by the Board	15,408,605	-	-	15,408,605
Other Investments, at Cost	354,908	-	-	354,908
BCx Surplus Notes	226,128	-	-	226,128
<b>Total Other Assets</b>	<b>16,572,975</b>	<b>-</b>	<b>-</b>	<b>16,572,975</b>
<b>Total Assets</b>	<b>\$ 41,493,296</b>	<b>\$ 57,458</b>	<b>\$ -</b>	<b>\$ 41,550,754</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 1,156,515	\$ -	\$ -	\$ 1,156,515
Accrued Liabilities	845,257	-	-	845,257
Reserve for Blood Plan Claims	30,000	-	-	30,000
<b>Total Current Liabilities</b>	<b>2,031,772</b>	<b>-</b>	<b>-</b>	<b>2,031,772</b>
<b>Total Liabilities</b>	<b>2,031,772</b>	<b>-</b>	<b>-</b>	<b>2,031,772</b>
<b>Net Assets</b>				
Without Donor Restrictions				
Undesignated	24,052,919	57,458	-	24,110,377
Designated by the Board for Operating Reserve	15,408,605	-	-	15,408,605
<b>Total Net Assets</b>	<b>39,461,524</b>	<b>57,458</b>	<b>-</b>	<b>39,518,982</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 41,493,296</b>	<b>\$ 57,458</b>	<b>\$ -</b>	<b>\$ 41,550,754</b>

See independent auditor's report.

**THE BLOOD CENTER AND THE BLOOD CENTER FOUNDATION**  
**Combining Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2021**

**Schedule II**

	The Blood Center	The Blood Center Foundation	Eliminations	Combined
<b>Net Assets Without Donor Restrictions</b>				
<b>Operating Revenues</b>				
Blood and Components	\$ 18,832,343	\$ -	\$ -	\$ 18,832,343
Outside Testing	2,910,158	-	-	2,910,158
Reference Lab	4,848,355	-	-	4,848,355
Therapeutic Apheresis	437,748	-	-	437,748
PPP Grant and Other Income	156,011	33,000	-	189,011
Insurance Recoveries	665,000	-	-	665,000
<b>Total Operating Revenues</b>	<b>27,849,615</b>	<b>33,000</b>	<b>-</b>	<b>27,882,615</b>
<b>Operating Expenses</b>				
Program Service Expenses	20,801,253	-	-	20,801,253
General and Administrative Expenses	5,906,194	741	-	5,906,935
<b>Total Operating Expenses</b>	<b>26,707,447</b>	<b>741</b>	<b>-</b>	<b>26,708,188</b>
<b>Results of Operations</b>	<b>1,142,168</b>	<b>32,259</b>	<b>-</b>	<b>1,174,427</b>
<b>Non-Operating Revenues (Expenses)</b>				
Net Investment Return	1,517,002	-	-	1,517,002
Other Revenue	1,098,236	-	-	1,098,236
<b>Total Non-Operating Revenues, Net</b>	<b>2,615,238</b>	<b>-</b>	<b>-</b>	<b>2,615,238</b>
<b>Changes in Net Assets Without Donor Restrictions</b>	<b>3,757,406</b>	<b>32,259</b>	<b>-</b>	<b>3,789,665</b>
<b>Changes in Net Assets</b>	<b>3,757,406</b>	<b>32,259</b>	<b>-</b>	<b>3,789,665</b>
<b>Net Assets, Beginning of Year</b>	<b>35,704,118</b>	<b>25,199</b>	<b>-</b>	<b>35,729,317</b>
<b>Net Assets, End of Year</b>	<b>\$ 39,461,524</b>	<b>\$ 57,458</b>	<b>\$ -</b>	<b>\$ 39,518,982</b>

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Boards of Directors of  
The Blood Center and The Blood Center Foundation

We have audited, 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, the combined financial statements of The Blood Center and The Blood Center Foundation, which comprise the combined statements of financial position as of December 31, 2021 and 2020, the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements, and have issued our report thereon dated March 7, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
March 7, 2022

## Independent Auditor's Report on the Supplementary Information

To the Board of Directors of  
The Blood Center and The Blood Center Foundation

We have audited the financial statements of The Blood Center and The Blood Center Foundation (the Organization) as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon, dated March 7, 2022, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to March 7, 2022.

The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



A Professional Accounting Corporation

Metairie, LA  
March 7, 2022

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Schedule of Compensation, Benefits, and Other Payments**  
**For the Year Ended December 31, 2021**

---

**Agency Head**

Billy Weales, President and Chief Executive Officer

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0



**THE BLOOD CENTER  
and  
THE BLOOD CENTER FOUNDATION**

Single Audit Report

For the Year Ended December 31, 2021



## **Contents**

---

<b>Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance</b>	<b>1 - 3</b>
<b>Schedule of Expenditures of Federal Awards</b>	<b>4</b>
<b>Notes to Schedule of Expenditures of Federal Awards</b>	<b>5</b>
<b>Schedule of Findings and Questioned Costs</b>	<b>6</b>
<b>Summary Schedule of Prior Audit Findings</b>	<b>7</b>

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors of  
The Blood Center and The Blood Center Foundation

**Report on Compliance for Each Major Federal Program**

***Opinion on the Major Federal Program***

We have audited The Blood Center and The Blood Center Foundation (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and the for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the combined financial statements of the Organization as of and for the year ended December 31, 2021, and have issued our report thereon dated March 7, 2022, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
June 21, 2022

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

<b>Federal Grantor or Pass-Through Grantor and Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures Incurred During the Year Ended December 31, 2021</b>
<b>U.S. Department of Homeland Security</b>			
Passed through Governor's Office of Homeland Security and Emergency Preparedness			
Disaster Grant - Public Assistance	97.036	FEMA-1603-DR-LA	\$ 1,053,711
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 1,053,711</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,053,711</u></u>

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

---

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Blood Center and The Blood Center Foundation under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. De Minimis Cost Rate**

The Organization uses indirect cost rates negotiated and approved by the grant awarding agencies, and has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4. Reconciliation to the Financial Statements**

During the year ended December 31, 2021, the Organization was reimbursed for expenditures relating to prior years in the amount of \$1,053,711. These expenditures were incurred in fiscal periods preceding 2021 and therefore are not included in the combined statements of activities and changes in net assets for the year ended December 31, 2021. The proceeds received in the amount of \$1,053,711 are reported as part of non-operating other revenues in the combined statements of activities and changes in net assets for the year ended December 31, 2021.

**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2021**

---

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported
- Noncompliance material to the financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs: None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

Assistance

Listing Number

Name of Federal Program

97.036

Disaster Grant – Public Assistance

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualified as low-risk auditee? No

**Section II. Findings - Financial Statement Audit**

None.

**Section III. Findings and Questioned Costs - Major Federal Award Programs Audit**

None.



**THE BLOOD CENTER and THE BLOOD CENTER FOUNDATION**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2021**

---

None

## **AGREED-UPON PROCEDURES REPORT**

The Blood Center and The Blood Center Foundation

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2021 - December 31, 2021**

To the Board of Directors  
The Blood Center and The Blood Center Foundation and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2021 through December 31, 2021. The Blood Center and The Blood Center Foundation's (the Organization) management is responsible for those C/C areas identified in the SAUPs.

The Blood Center and The Blood Center Foundation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were noted as a result of performing these procedures.

### **Board or Finance Committee**

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Results:** Exception noted. The Organization by-laws require the Organization to have quarterly regular meetings at a time and on a date to be determined by the Chairman. However, the Organization held only 3 meetings during the year ended December 31, 2021.

### ***Bank Reconciliations***

---

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were noted as a result of performing these procedures.

### ***Collections (excluding electronic funds transfers )***

---

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Not applicable.**

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
  - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Not applicable.**

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.  
  
[Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Not applicable.**

#### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Not applicable.**

### ***Contracts***

---

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Not applicable.**

### ***Payroll and Personnel***

---

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.



- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Not applicable.**

### ***Ethics***

---

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Not applicable.**

### ***Debt Service***

---

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Not applicable.**

### ***Fraud Notice***

---

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Not applicable.**

### ***Information Technology Disaster Recovery/Business Continuity***

---

25. Perform the following procedures, verbally discuss the results with management, and report: "We performed the procedure and discussed the results with management."
  - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** We performed the procedure and discussed the results with management.

### ***Sexual Harassment***

---

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

**Not applicable.**

We were engaged by The Blood Center and The Blood Center Foundation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of The Blood Center and The Blood Center Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



A Professional Accounting Corporation

Metairie, LA  
June 16, 2022



**THE BLOOD CENTER**

*Serving you for life!*

June 16, 2022

Mr. Michael J. Waguespack  
Louisiana Legislative Auditor  
1600 N 3<sup>rd</sup> St.  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of the Blood Center and The Blood Center Foundation wishes to provide the following responses relative to the results of the 2021 statewide agreed-upon procedures engagement:

1. **Board or Finance Committee Meetings:** As a result of the COVID-19 pandemic and related health hazards to the board members, the board and finance committee was unable to adhere to its quarterly board meeting schedule for one of four quarters in 2021. In the future, we will ensure that the board and finance committee will meet a minimum of four times per calendar year.

Sincerely,

Billy Weales  
Chief Executive Officer