LifeShare Blood Centers and Affiliates

Consolidated Financial Statements
June 30, 2002 and 2001

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LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Financial Position
June 30, 2002 and 2001

	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	$ 4,858,373	$ 2,795,258
Investments	1,123,204	1,216,822
Receivables	3,375,688	2,790,802
Inventory	1,323,774	914,540
Prepaid expenses	348,331	258,327
Total current assets	11,029,370	7,975,749
Limited use cash	453,852	2,742,929
Property and equipment, *net*	11,540,691	9,934,564
Other assets:		
Other assets	398,815	329,487
Certificates of deposit	125,000	125,000
Total other assets	523,815	454,487
Total assets	$ 23,547,728	$ 21,107,729
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 1,594,485	$ 1,127,455
Retainage payable	-	176,507
Accrued expenses	929,679	776,277
Bonds Payable, current portion	300,000	300,000
Accrued loss contingency	400,000	400,000
Total current liabilities	3,224,164	2,780,239
Long Term Liabilities:		
Bonds Payable	5,700,000	5,700,000
Total liabilities	8,924,164	8,480,239
Net assets:		
Unrestricted	14,623,564	12,627,490
Temporarily restricted	-	-
Total net assets	14,623,564	12,627,490
Total liabilities and net assets	$ 23,547,728	$ 21,107,729

See the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Activities
June 30, 2002 and 2001

	2002	2001
Change in unrestricted net assets:		
Operating revenue:		
Apheresis income	$ 4,802,699	$ 4,863,608
Blood service fees	15,153,619	12,678,295
Bulk derivatives	2,421,733	1,902,041
Components	1,327,297	1,375,963
Lab fees	1,360,898	1,271,681
Total operating revenues	25,066,246	22,091,588
Operating expenses:		
Salaries	7,283,707	6,729,648
Apheresis supplies and testing	1,431,089	1,682,472
Leukoreduced supplies	809,084	218,179
Bags	677,020	665,622
Test kits	60,591	72,142
Outsource contract testing	3,835,007	3,326,221
Public relations, advertising and recruiting	581,326	559,978
Depreciation and amortization	1,125,400	724,178
Other operating	7,837,152	6,842,260
Total operating expenses	23,640,376	20,820,700
Other revenue (expense):		
Contributions	7,553	5,940
Interest Income	99,442	153,208
Supply sales	76,412	86,300
Realized gain (loss) on sale of assets	(47,089)	29,810
Interest expense	(155,578)	(3,607)
Miscellaneous income	396,648	361,079
Total other revenue	377,388	632,730
Net assets released from restrictions	192,816	275,190
Increase in unrestricted net assets	1,996,074	2,178,808
Change in temporarily restricted net assets:		
Contributions	192,816	275,190
Net assets released from restrictions	(192,816)	(275,190)
Increase in temporarily restricted net assets	-	-
Change in net assets	1,996,074	2,178,808
Net assets at beginning of year	12,627,490	10,323,682
Transfer of previously temporarily restricted net assets	-	125,000
Net assets at end of year	$ 14,623,564	$ 12,627,490

See the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Cash Flows
June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Change in net assets	$ 1,996,074	$ 2,178,808
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities:		
Depreciation and amortization	1,125,400	724,178
(Gain) Loss on sale of assets	(47,089)	(29,810)
(Increase) decrease in		
Receivables	(584,886)	(228,147)
Inventory	(409,234)	3,860
Prepaid expenses	(90,004)	(206,644)
Other assets	(157,975)	(253,874)
(Decrease) Increase in		
Accounts payable	467,027	661,254
Retainage payable	(176,507)	176,507
Accrued expenses	153,402	81,685
Accrued loss contingency	-	225,000
Total adjustments	280,134	1,154,009
Net cash provided by operating activities	2,276,208	3,332,817
Cash flows from investing activities:		
Proceeds from sale of assets	437,720	30,159
Redemption of treasury bills	500,000	777,679
(Decrease) increase in limited use cash	2,289,077	(2,742,929)
Purchase of investments in certificates of deposit	-	(100,000)
Purchase of treasury bills	(396,989)	(682,653)
Purchase of fixed assets and construction in progress	(3,042,901)	(5,293,647)
Net cash used in investing activities	(213,093)	(8,011,391)
Cash flows from financing activities:		
Issue long-term debt	-	6,000,000
Net cash provided by (used in) financing activities	-	6,000,000
Net increase (decrease) in cash and cash equivalents	2,063,115	1,321,426
Cash and cash equivalents-beginning year	2,795,258	1,473,832
Cash and cash equivalents-end of year	$ 4,858,373	$ 2,795,258
Interest Paid	$ 180,946	$ 217,739

See the accompanying notes to consolidated financial statements.

LifeShare Blood Centers and Affiliates

Notes to Consolidated Financial Statements
June 30, 2002 and 2001

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

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

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

Note 2 - Summary of Significant Accounting Principles

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

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

Consolidation The financial statements as of and for the years ended June 30, 2002 and 2001 include the accounts of LifeShare Blood Centers, Blood Center Properties, Inc., and LifeShare Blood Centers Foundation. All intercompany transactions have been eliminated in the consolidated financial statements.

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

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

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

Property and Equipment The Organization capitalizes the cost of land, buildings and equipment in excess of $1,000. Improvements are capitalized when they extend an asset's useful life or increase its value. Otherwise, they are charged to operations. Donations of property and equipment are recorded at their fair value at the date of the gift.

Depreciation The Organization uses the straight-line method of depreciation with estimated useful lives of three to five years for automobiles and trucks, five to ten years for furniture, fixtures and equipment, thirty-five to forty years for buildings and five to fifteen years for building improvements. The one-half year convention is used in the year of acquisition and disposition.

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

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

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

Note 3 – Reclassifications

Certain balances and amounts presented in the 2001 financial statements have been reclassified to conform to the 2002 presentation. These reclassifications have no effect on change in net activities.

Note 4 - Investments

At June 30, 2002 and 2001, investments, cost approximates fair market value, consisted of the following:

	2002	2001
U. S. Treasury Bills, at market	$ 198,267	$ 293,791
Certificates of deposit	923,031	923,031
Common stocks	1,906	-
	$ 1,123,204	$ 1,216,822

Note 5 - Inventory

At June 30, 2002 and 2001, inventories consisted of the following:

	2002	2001
Supplies	$ 849,302	$ 570,085
Blood and apheresis products	474,472	344,455
	$ 1,323,774	$ 914,540

Note 6 - Receivables

At June 30, 2002 and 2001, receivables consisted of the following:

	2002	2001
Due for blood processing	$ 3,364,748	$ 2,703,779
Interest income	2,893	12,329
Other	8,047	74,694
	$ 3,375,688	$ 2,790,802

Note 7 - Limited use cash

These cash balances are deposited in the bond trust fund and related bond escrow fund. The use of these funds is dedicated to the purposes specified in the related bond agreement (acquisition, renovation, and equipping of facilities in the cities of Shreveport and Lake Charles) and is therefore limited as to use.

Note 8 - Property and Equipment

At June 30, 2002 and 2001, property and equipment consisted of the following:

	2002	2001
Land	$ 1,373,329	$ 1,278,819
Buildings and improvements	9,093,555	3,916,023
Vehicles	1,849,664	1,798,207
Equipment	4,982,397	4,443,277
Furniture and fixtures	819,176	648,364
Projects in progress	865,899	4,549,110
	18,984,020	16,633,800
Less: Accumulated depreciation	(7,443,329)	(6,699,236)
	$ 11,540,691	$ 9,934,564

Note 9 - Other assets

At June 30, 2001 and 2000, investments and other assets consisted of the following:

	2002	2001
Capital contribution and allocated profits with Community Blood Centers' Exchange (A)	$ 235,591	$ 157,596
Bond Issue costs, net (B)	153,976	162,045
Letter of credit fees, net (B)	6,707	6,805
Deposits	2,541	3,041
	$ 398,815	$ 329,487

A. During 1993, the Board of Trustees approved a capital contribution of $103,097 to the Community Blood Centers' Exchange to form a captive professional liability insurance company to be owned and operated by blood center members. Subsequent to the initial contribution, the Center received cumulative profit allocations which total $132,494 and $54,499 as of June 30, 2002 and June 30, 2001, respectively. These profit allocations, plus interest will be paid to the Center by the Exchange as its board of directors and the Indiana Department of Insurance direct.

B. As of June 30, 2002 and 2001, other assets consist of bond issue costs of $153,976 and $162,045, respectively, which are net of accumulated amortization of $8,068 and $7,396 and line of credit fees of $6,707 and $6,805, which is net of accumulated amortization of $80,578 and $74,866, respectively, and various deposits made in the ordinary course of business.

Note 10 - Certificates of deposit

As of June 30, 2002 and 2001, $125,000 of certificates of deposit was held by the Louisiana State Treasurer as part of the Louisiana Patient's Compensation Fund for self-insurance.

Note 11 - Bonds Payable

In July 2000, Properties entered into an agreement with the Louisiana Public Facilities Authority, a Louisiana public trust, to issue $6,000,000 in variable rate industrial development bonds. The proceeds of these bonds were then loaned to Properties. Under the terms of the agreement, which is dated July 27, 2000, interest is payable monthly on a variable basis, which adjusts weekly. The interest rate as of June 30, 2001 was 2.80%. Subsequently, Properties locked in the interest rate at 4.24% for $4,000,000 of the bonds with the remainder under variable rates. Properties is required to make monthly deposits into a Payment Escrow of $25,000 beginning July 2001 to fund the scheduled redemption of bonds beginning July 1, 2002 of $300,000 annually. The bond requires annual principal payments of $300,000 beginning June 30, 2002.

The bond issue is enhanced by a letter of credit from Bank One in the amount of $6,073,973, which matures April 15, 2004. Blood Center Properties, Inc., LifeShare Blood Centers, and LifeShare Blood Centers Foundation guarantee the letter of credit. The letter of credit is secured by mortgages on Properties' real estate and fixtures in Shreveport, Lake Charles, and Alexandria. Additionally, the letter of credit is secured by a security interest in all of the Organization's equipment.

The amounts due under this bond payable as of June 30, 2002 are as follows:

Balance of Bonds Payable	$	6,000,000
Less current maturities		300,000
Long-term portion	$	5,700,000

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

2002	$	300,000
2003		300,000
2004		300,000
2005		300,000
2006		300,000
2007		300,000
Thereafter		4,200,000
	$	6,000,000

Beginning October 31, 2001 and annually thereafter, Properties will make additional principal payments equal to 25% of net free cash flow. Net free cash flow is calculated on a combined basis for Blood Center Properties, LifeShare Blood Centers, and Foundation of the Blood Center and is defined as: change in unrestricted net assets for the preceding fiscal year plus amortization and depreciation expense less amortization of capital leases; principal reductions on term loans and bonds; and capital expenditures not financed externally. This requirement has been waived for the payment due October 2001. Subsequent to year end, Bank One and Properties entered into an amendment of this agreement which modified the provision herein to require the lesser of $200,000 or 25% of Net Free Cash Flow for the fiscal year most recently ended to be deposited into an interest bearing account at Bank One in the name of Properties or as a deposit into the Payment Escrow Account.

During 2002 and 2001, the Center incurred interest associated with the bond payable of $196,607 and $217,739, respectively of which $41,028 and $214,133, respectively, was capitalized.

Bond issuance costs of $169,441 is being amortized over the bond term of twenty-one years, see Note 9. The revenue bond indenture places limits on the incurrence of additional borrowings. The various bond agreements also require the Organization to meet certain covenants. As of June 30, 2002, the Organization is in compliance. Annual letter of credit fees of $80,479 and $81,672 for 2002 and 2001, respectively, associated with obtaining the letter of credit is being amortized over one year.

Note 12 - Employees' Retirement Plan

LifeShare Blood Centers amended its retirement plan to include a 401(k) option as of January 1, 1997. It covers all employees of the Center, who have one year of participation service and have reached the age of twenty-one. Under the terms of the Plan, the Center has elected to make contributions to the Plan based on employee compensation. Such contributions are six percent of employee compensation. Employees may make additional contributions to the Plan. Such contributions cannot be less than one percent nor more than ten percent of monthly employee compensation. Other operating expenses for 2002 and 2001 include approximately $327,723 and $308,098, respectively, of contributions to the Plan.

Note 13 - Operating Leases

The Center leases various office and lab equipment, storage space and office space used in its operations. In addition, the Center has entered into an "agreement of lease" with PHH Fleetamerica Corporation. Under such agreements, the Center may lease vehicles with terms extending greater than twelve (usually approximating sixty months) or twelve-month terms with certain renewal options. As of June 30, 2002, fourteen (14) vehicles were leased with initial terms in excess of twelve months, which are included in the following future lease payments. In addition, the Center leases seventeen (17) vehicles on a month-to-month basis after the initial twelve-month term has expired.

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

Year ending June 30,		
2003	$	490,629
2004		437,068
2005		427,682
2006		384,366
2007		75,096
Total	$	1,814,841

Operating expenses include rent expense for the years ended June 30, 2002 and 2001 of $640,290 and $356,407, respectively.

Note 14 - Commitments and Contingencies

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

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

Note 15 - Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2002 and 2001, the Organization exceeded the insured limit by approximately $4,967,684 and $2,899,285, respectively. The excess is invested in repurchase agreements that are secured by pools of federal agency marketable securities.

Note 16 - Advertising

Advertising costs are charged to operations as incurred. For 2002 and 2001, the Center incurred $65,604 and $35,119, respectively.

Note 17 - State Cooperative Agreement

In March 2002, the Organization entered into an agreement with the State of Louisiana to cooperate in the construction of facilities in Ouachita Parish, Louisiana. The agreement requires the Organization to contribute local matching funds totaling $700,000 which the state will then match with $785,000 in construction funds. No expenses were incurred in connection with this agreement in 2002. Construction will begin subsequent to year-end and is expected to be completed by late spring, 2003. Upon completion, the facility will be owned by the Organization.

Additional Information

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Schedules of Other Operating Expenses
For the years ended June 30, 2002 and 2001

	2002	2001
Auto expense	$ 224,661	$ 219,937
Bad debts	-	-
Computer expenses	330,295	316,408
Contract services	47,535	21,318
Donor refreshments	122,870	105,704
Donor expense	88,825	89,826
Dues and subscriptions	73,720	80,642
Employee benefits	175,206	164,110
Fund raising expenses	159,093	91,877
Group and family health plan	84,733	37,084
Insurance	1,774,104	1,325,990
Operations	836,628	727,587
Professional fees	130,000	479,724
Miscellaneous	40,435	44,508
Miscellaneous taxes	13,626	13,769
Office supplies and postage	198,591	172,554
Payroll taxes	534,944	513,617
Printing	159,730	120,916
Rentals/auto leases	631,890	356,407
Repairs, maintenance and security service	642,118	517,488
Retirement plan contributions	327,723	308,098
Shipping	245,450	254,130
Supplies and small instruments	23,600	12,677
Tax and freight	209,570	170,038
Telephone	287,798	265,393
Travel and education	237,511	224,746
Utilities	236,496	207,712
	$ 7,837,152	$ 6,842,260

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Financial Position
June 30, 2002

	LifeShare Blood Centers	Blood Center Properties, Inc.	Consolidated
Assets			
Current assets:			
Cash and cash equivalents	$ 3,565,652	$ 1,292,721	$ 4,858,373
Investments	1,123,204	-	1,123,204
Receivables	3,375,086	602	3,375,688
Inventory	1,323,774	-	1,323,774
Prepaid expenses	348,331	-	348,331
Total current assets	9,736,047	1,293,323	11,029,370
Limited use cash	-	453,852	453,852
Property and equipment			
Land	-	1,373,329	1,373,329
Buildings and improvements	150,029	8,943,526	9,093,555
Vehicles	1,849,664	-	1,849,664
Equipment	4,594,519	387,878	4,982,397
Furniture and fixtures	573,395	245,781	819,176
Projects in progress	863,234	2,665	865,899
	8,030,841	10,953,179	18,984,020
Less: Accumulated depreciation	(5,391,505)	(2,051,824)	(7,443,329)
Net property, plant and equipment	2,639,336	8,901,355	11,540,691
Other assets:			
Other assets	238,132	160,683	398,815
Certificates of deposit	125,000	-	125,000
Total other assets	363,132	160,683	523,815
Total assets	$ 12,738,515	$ 10,809,213	$ 23,547,728
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$ 1,592,477	$ 2,008	$ 1,594,485
Accrued expenses	914,018	15,661	929,679
Bonds Payable	-	300,000	300,000
Accrued loss contingency	400,000	-	400,000
Total current liabilities	2,906,495	317,669	3,224,164
Long Term Liabilities:			
Bonds Payable	-	5,700,000	5,700,000
Total liabilities	2,906,495	6,017,669	8,924,164
Net assets:			
Unrestricted	9,832,020	4,791,544	14,623,564
Temporarily restricted	-	-	-
Total net assets	9,832,020	4,791,544	14,623,564
Total liabilities and net assets	$ 12,738,515	$ 10,809,213	$ 23,547,728

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Financial Position
June 30, 2001

	LifeShare Blood Centers	Blood Center Properties, Inc.	Consolidated
Assets			
Current assets:			
Cash and cash equivalents	$ 2,736,994	$ 58,264	$ 2,795,258
Investments	1,216,822	-	1,216,822
Receivables	2,783,674	7,128	2,790,802
Inventory	914,540		914,540
Prepaid expenses	258,327	-	258,327
Total current assets	7,910,357	65,392	7,975,749
Limited use cash	-	2,742,929	2,742,929
Property and equipment			
Land	-	1,278,819	1,278,819
Buildings and improvements	137,201	3,778,822	3,916,023
Vehicles	1,798,207	-	1,798,207
Equipment	4,443,277	-	4,443,277
Furniture and fixtures	648,364	-	648,364
Projects in progress	25,100	4,524,010	4,549,110
	7,052,149	9,581,651	16,633,800
Less: Accumulated depreciation	(4,961,395)	(1,737,841)	(6,699,236)
Net property, plant and equipment	2,090,754	7,843,810	9,934,564
Other assets:			
Other assets	160,136	169,351	329,487
Certificates of deposit	125,000	-	125,000
Total other assets	285,136	169,351	454,487
Total assets	$ 10,286,247	$ 10,821,482	$ 21,107,729
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$ 891,176	$ 236,279	$ 1,127,455
Retainage payable	-	176,507	176,507
Accrued expenses	761,425	14,852	776,277
Bonds Payable	-	300,000	300,000
Accrued loss contingency	400,000	-	400,000
Total current liabilities	2,052,601	727,638	2,780,239
Long Term Liabilities:			
Bonds Payable	-	5,700,000	5,700,000
Total liabilities	2,052,601	6,427,638	8,480,239
Net assets:			
Unrestricted	8,233,646	4,393,844	12,627,490
Temporarily restricted	-	-	-
Total net assets	8,233,646	4,393,844	12,627,490
Total liabilities and net assets	$ 10,286,247	$ 10,821,482	$ 21,107,729

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Activities
For the year ended June 30, 2002

	LifeShare Blood Centers	Blood Center Properties, Inc.	Consolidated
Change in unrestricted net assets:			
Operating revenue:			
Apheresis income	$ 4,802,699	$ -	$ 4,802,699
Blood service fees	15,153,619	-	15,153,619
Bulk derivatives	2,421,733	-	2,421,733
Components	1,327,297	-	1,327,297
Lab fees	1,360,898	-	1,360,898
Total operating revenues	25,066,246	-	25,066,246
Operating expenses:			
Salaries	7,283,707	-	7,283,707
Aphereisis supplies and testing	1,431,089	-	1,431,089
Leukoreduced supplies	809,084	-	809,084
Bags	677,020	-	677,020
Test kits	60,591	-	60,591
Outsource contract testing	3,835,007	-	3,835,007
Public relations, advertising and recruiting	581,326	-	581,326
Depreciation and amortization	583,909	541,491	1,125,400
Rent	1,156,848	(1,156,848)	-
Other operating	7,829,716	7,436	7,837,152
Total operating expenses	24,248,297	(607,921)	23,640,376
Other revenue (expense):			
Contributions	7,553	-	7,553
Interest Income	83,727	15,715	99,442
Supply sales	76,412	-	76,412
Realized gain on sale of assets	23,269	(70,358)	(47,089)
Interest expense	-	(155,578)	(155,578)
Miscellaneous income	396,648	-	396,648
Total other revenue	587,609	(210,221)	377,388
Net assets released from restrictions	192,816	-	192,816
Increase (decrease) in unrestricted net assets	1,598,374	397,700	1,996,074
Change in temporarily restricted net assets:			
Contributions	192,816	-	192,816
Net assets released from restrictions	(192,816)	-	(192,816)
Increase (decrease) in temporarily restricted net assets	-	-	-
Change in net assets	1,598,374	397,700	1,996,074
Net assets at beginning of year	8,233,646	4,393,844	12,627,490
Net assets at end of year	$ 9,832,020	$ 4,791,544	$ 14,623,564

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Activities
For the year ended June 30, 2001

	LifeShare Blood Centers	Blood Center Properties, Inc.	Consolidated
Change in unrestricted net assets:			
Operating revenue:			
Apheresis income	$ 4,863,608	$ -	$ 4,863,608
Blood service fees	12,678,295	-	12,678,295
Bulk derivatives	1,902,041	-	1,902,041
Components	1,375,963	-	1,375,963
Lab fees	1,271,681	-	1,271,681
Total operating revenues	22,091,588	-	22,091,588
Operating expenses:			
Salaries	6,729,648	-	6,729,648
Aphereisis supplies and testing	1,682,472	-	1,682,472
Leukoreduced supplies	218,179	-	218,179
Bags	665,622	-	665,622
Test kits	72,142	-	72,142
Outsource contract testing	3,326,221	-	3,326,221
Public relations, advertising and recruiting	559,978	-	559,978
Depreciation and amortization	540,297	183,881	724,178
Rent	1,156,848	(1,156,848)	-
Other operating	6,838,552	3,708	6,842,260
Total operating expenses	21,789,959	(969,259)	20,820,700
Other revenue (expense):			
Contributions	5,940	-	5,940
Interest Income	146,435	6,773	153,208
Supply sales	86,300	-	86,300
Realized gain on sale of assets	29,810	-	29,810
Interest expense	-	(3,607)	(3,607)
Miscellaneous income	361,079	-	361,079
Total other revenue	629,564	3,166	632,730
Net assets released from restrictions	275,190	-	275,190
Increase (decrease) in unrestricted net assets	1,206,383	972,425	2,178,808
Change in temporarily restricted net assets:			
Contributions	275,190	-	275,190
Net assets released from restrictions	(275,190)	-	(275,190)
Increase (decrease) in temporarily restricted net assets	-	-	-
Change in net assets	1,206,383	972,425	2,178,808
Net assets at beginning of year	6,902,263	3,421,419	10,323,682
Transfer of previously temporarily restricted net assets	125,000		125,000
Net assets at end of year	$ 8,233,646	$ 4,393,844	$ 12,627,490

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

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LifeShare Blood Centers and Affiliates

We have audited the consolidated statements of financial position of LifeShare Blood Centers and Affiliates (Louisiana non profit corporations) as of June 30, 2002 and 2001, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the LifeShare Blood Centers and Affiliates' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LifeShare Blood Centers and Affiliates as of June 30, 2002 and 2001, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated September 3, 2002, on our consideration of the LifeShare Blood Centers and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Roberts, Cherry and Company

Roberts, Cherry and Company

A Corporation of Certified
Public Accountants
Shreveport, Louisiana
September 3, 2002

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ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Consultants

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

To the Board of Directors
LifeShare Blood Centers and Affiliates

We have audited the financial statements of the **LifeShare Blood Centers and Affiliates** as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated September 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

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

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

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

Roberts, Cherry and Company

Roberts, Cherry and Company

A Corporation of Certified
Public Accountants
Shreveport, Louisiana
September 3, 2002

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