LifeShare Blood Centers and Affiliates

Consolidated Financial Statements
June 30, 2003 and 2002

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LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Financial Position
June 30, 2003 and 2002

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	$ 8,443,475	$ 4,858,373
Investments	1,125,018	1,123,204
Receivables	3,244,773	3,375,688
Inventory	1,573,858	1,323,774
Prepaid expenses	138,913	348,331
Total current assets	14,526,037	11,029,370
Limited use cash	500,715	453,852
Property and equipment, *net*	11,408,850	11,540,691
Other assets:		
Other assets	380,168	398,815
Certificates of deposit	125,000	125,000
Total other assets	505,168	523,815
Total assets	$ 26,940,770	$ 23,547,728
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 1,427,567	$ 1,594,485
Accrued expenses	1,212,565	929,679
Bonds payable, current portion	300,000	300,000
Accrued loss contingency	400,000	400,000
Total current liabilities	3,340,132	3,224,164
Long term liabilities:		
Bonds payable	5,400,000	5,700,000
Total liabilities	8,740,132	8,924,164
Net assets:		
Unrestricted	18,200,638	14,623,564
Temporarily restricted	-	-
Total net assets	18,200,638	14,623,564
Total liabilities and net assets	$ 26,940,770	$ 23,547,728

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Activities
For the years ended June 30, 2003 and 2002

	2003	2002
Change in unrestricted net assets:		
Operating revenue		
Apheresis income	$ 5,324,581	$ 4,802,699
Blood service fees	19,152,239	15,153,619
Bulk derivatives	2,627,797	2,421,733
Components	1,480,167	1,327,297
Lab fees	1,568,775	1,360,898
Total operating revenue	30,153,559	25,066,246
Operating expenses:		
Salaries	7,955,013	7,283,707
Apheresis kits	1,229,104	1,431,089
Leukoreduced supplies	1,778,658	809,084
Bags	700,713	677,020
Test kits	191,336	60,591
Outsource contract testing	4,693,586	3,835,007
Public relations, advertising and recruiting	646,568	581,326
Depreciation and amortization	1,205,644	1,125,400
Other operating	8,228,130	7,678,059
Total operating expenses	26,628,752	23,481,283
Other revenue (expense):		
Contributions	8,602	7,553
Interest income	71,114	99,442
Supply sales	63,537	76,412
Realized gain (loss) on sale of assets	(42,780)	(47,089)
Fund raising expenses	(168,026)	(159,093)
Interest expense	(192,821)	(155,578)
Miscellaneous income	163,108	396,648
Total other revenue (expense)	(97,266)	218,295
Net assets released from restrictions	149,533	192,816
Increase in unrestricted net assets	3,577,074	1,996,074
Change in temporarily restricted net assets:		
Contributions	149,533	192,816
Net assets released from restrictions	(149,533)	(192,816)
Increase in temporarily restricted net assets	-	-
Change in net assets	3,577,074	1,996,074
Net assets at beginning of year	14,623,564	12,627,490
Net assets at end of year	$ 18,200,638	$ 14,623,564

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Statements of Cash Flows
For the years ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities		
Change in net assets	$ 3,577,074	$ 1,996,074
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities:		
Depreciation and amortization	1,205,644	1,125,400
(Gain) Loss on sale of assets	50,958	(47,089)
(Increase) decrease in		
Receivables	130,915	(584,886)
Inventory	(250,084)	(409,234)
Prepaid expenses	209,418	(90,004)
Other assets	(55,208)	(157,975)
(Decrease) Increase in		
Accounts payable	(166,917)	467,027
Retainage payable	-	(176,507)
Accrued expenses	282,886	153,402
Total adjustments	1,407,612	280,134
Net cash provided by operating activities	4,984,686	2,276,208
Cash flows from investing activities		
Proceeds from sale of assets	23,379	437,720
Redemption of treasury bills	396,766	500,000
Decrease (increase) in limited use cash	(46,863)	2,289,077
Purchase of treasury bills	(398,580)	(396,989)
Purchase of fixed assets and construction in progress	(1,074,286)	(3,042,901)
Net cash used in investing activities	(1,099,584)	(213,093)
Cash flows from financing activities		
Payments of long-term debt	(300,000)	-
Net cash provided by (used in) financing activities	(300,000)	-
Net increase (decrease) in cash and cash equivalents	3,585,102	2,063,115
Cash and cash equivalents-beginning of year	4,858,373	2,795,258
Cash and cash equivalents-end of year	$ 8,443,475	$ 4,858,373
Interest Paid	$ 193,629	$ 180,946

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

Note 1 - Nature of Business
LifeShare Blood Centers (the "Center") is engaged in the procurement of blood donations, processing those donations and supplying the donated blood and related components to hospitals and other healthcare facilities. The Center has facilities located in Shreveport, Bossier City, Monroe, Ruston, Alexandria and Lake Charles, Louisiana; and 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, 2003 and 2002 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 $2,000. 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 U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

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

Note 3 – Reclassifications
Certain balances and amounts presented in the 2002 financial statements have been reclassified to conform to the 2003 presentation. These reclassifications have no effect on change in net activities.

Note 4 - Investments
At June 30, 2003 and 2002, investments, cost approximates fair market value, consisted of the following:

	2003	2002
U. S. Treasury Bills, at market	$ 198,908	$ 198,267
Certificates of deposit	923,031	923,031
Common stocks	3,079	1,906
	$ 1,125,018	$ 1,123,204

Note 5 - Inventory
At June 30, 2003 and 2002, inventories consisted of the following:

	2003	2002
Supplies	$ 993,873	$ 849,302
Blood and apheresis products	579,985	474,472
	$ 1,573,858	$ 1,323,774

Note 6 - Receivables
At June 30, 2003 and 2002, receivables consisted of the following:

	2003	2002
Due for blood processing	$ 3,188,227	$ 3,364,748
Interest income	3,983	2,893
Other	52,563	8,047
	$ 3,244,773	$ 3,375,688

Note 7 - Limited use cash
These cash balances are deposited in the bond escrow fund and the excess cash contribution fund, based on the amounts required to be deposited as described in Note 11. The use of these funds is dedicated to the purposes specified in the related bond agreement (repayment of the principal) and is therefore limited as to use.

Note 8 - Property and Equipment
At June 30, 2003 and 2002, property and equipment consisted of the following:

	2003	2002
Land	$ 1,372,454	$ 1,373,329
Buildings and improvements	9,219,590	9,093,555
Vehicles	2,421,275	1,849,664
Equipment	4,684,151	4,982,397
Furniture and fixtures	861,515	819,176
Projects in progress	901,837	865,899
	19,460,822	18,984,020
Less: Accumulated depreciation	(8,051,972)	(7,443,329)
	$ 11,408,850	$ 11,540,691

Note 9 - Other assets
At June 30, 2003 and 2002, investments and other assets consisted of the following:

	2003	2002
Capital contribution and allocated profits with Community Blood Centers' Exchange (A)	$ 228,183	$ 235,591
Bond issue costs, net (B)	145,908	153,976
Letter of credit fees, net (B)	5,371	6,707
Deposits	706	2,541
	$ 380,168	$ 398,815

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 $125,087 and $132,494 as of June 30, 2003 and June 30, 2002, 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, 2003 and 2002, other assets consist of bond issue costs of $145,908 and $153,976, respectively, which are net of accumulated amortization of $23,534 and $15,464 and line of credit fees of $5,371 and $6,707, which are net of accumulated amortization of $59,080 and $73,772, respectively, and various deposits made in the ordinary course of business.

Note 10 - Certificates of deposit

As of June 30, 2003 and 2002, $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 $5,770,273, 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, 2003 are as follows:

Balance of Bonds Payable	$	5,700,000
Less current maturities		300,000
Long-term portion	$	5,400,000

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:

2004	$	300,000
2005		300,000
2006		300,000
2007		300,000
2008		300,000
2009		300,000
Thereafter		3,900,000
	$	5,700,000

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

During 2003 and 2002, the Center incurred interest associated with the bond payable of $192,746 and $196,607, respectively, of which $-0- and $41,028, respectively, was capitalized.

Bond issuance costs of $169,441 are being amortized over the bond term of twenty-one years, see Note 9. The revenue bond indenture places limits on the incurrence of additional borrowings. The various bond agreements also require the Organization to meet certain covenants. As of June 30, 2003, the Organization is in compliance. Annual letter of credit fees of $64,450 and $80,479 for 2003 and 2002, respectively, associated with obtaining the letter of credit are being amortized over one year.

Note 12 - Employees' Retirement Plan
LifeShare Blood Centers amended its retirement plan to include a 401(k) option 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 2003 and 2002 include approximately $381,001 and $327,723, 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, 2003, 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,		
2004	$	514,239
2005		504,853
2006		462,474
2007		144,150
2008		57,545
Thereafter		19,253
Total	$	1,702,514

Operating expenses include rent expense for the years ended June 30, 2003 and 2002 of $685,123 and $840,290, 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, 2003 and 2002, the Organization exceeded the insured limit by approximately $8,526,382 and $4,967,684, 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 2003 and 2002, the Center incurred $65,752 and $65,604, 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 acquisition and renovation funds. No expenses were incurred in connection with this agreement in 2002. Renovation began late in fiscal year 2002-2003 and is expected to be completed by December, 2003. Upon completion, the facility will be owned by LifeShare Blood Centers until the satisfaction of the state bond issue funding capital outlay.

Additional Information

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidated Schedules of Other Operating Expenses
For the years ended June 30, 2003 and 2002

	2003	2002
Auto expense	$ 234,615	$ 224,661
Computer expenses	461,631	330,295
Contract services	57,817	47,535
Donor refreshments	128,186	122,870
Donor expense	104,688	88,825
Dues and subscriptions	74,991	73,720
Employee benefits	166,917	175,206
Group and family health plan	84,013	84,733
Insurance	1,983,492	1,774,104
Operations	743,012	836,628
Professional fees	239,597	130,000
Miscellaneous	56,713	40,435
Miscellaneous taxes	15,160	13,626
Office supplies and postage	210,652	198,591
Payroll taxes	638,304	534,944
Printing	184,939	159,730
Rentals/auto leases	677,023	631,890
Repairs, maintenance and security service	671,557	642,118
Retirement plan contributions	381,001	327,723
Shipping	252,068	245,450
Supplies and small instruments	26,087	23,600
Tax and freight	87,868	209,570
Telephone	251,877	287,798
Travel and education	277,693	237,511
Utilities	218,229	236,496
	$ 8,228,130	$ 7,678,059

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

Consolidating Statement of Financial Position
June 30, 2003

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

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

LifeShare Blood Centers and Affiliates
Shreveport, Louisiana

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

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

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

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	7,670,623	7,436	7,678,059
Total operating expenses	24,089,204	(607,921)	23,481,283
Other revenue (expense):			
Contributions	7,553	-	7,553
Interest Income	83,727	15,715	99,442
Supply sales	76,412	-	76,412
Realized (loss) gain on sale of assets	23,269	(70,358)	(47,089)
Fund raising expenses	(159,093)		(159,093)
Interest expense	-	(155,578)	(155,578)
Miscellaneous income	396,648	-	396,648
Total other revenue	428,516	(210,221)	218,295
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.

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LifeShare Blood Centers and Affiliates

We have audited the consolidated statements of financial position of LifeShare Blood Centers and Affiliates (Louisiana not for profit corporations) as of June 30, 2003 and 2002, 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, 2003 and 2002, 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 August 29, 2003, 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
August 29, 2003

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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, 2003 and 2002, and have issued our report thereon dated August 29, 2003. 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
August 29, 2003

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