

AUDIT REPORT

BLOOD CENTERS OF CALIFORNIA, INC.
(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

BLOOD CENTERS OF CALIFORNIA, INC.
(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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Directors:

David A. Bryson, CPA
Gary A. Wintermeyer, CPA
Bradford M. Hair, CPA
Jeanne A. Potter, CPA
Daniel J. O'Hare, CPA
Kathi Niffenegger, CPA
Fred W. Bogart, CPA
Allen E. Eschenbach, CPA
Michael T. Glaudel, CPA



Directors Emeritus:
Fred L. Glenn
Stephen A. Burdette
David W. Phillips, CPA

CERTIFIED PUBLIC ACCOUNTANTS
TAX AND BUSINESS ADVISORS

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Blood Centers of California, Inc.
Santa Barbara, California

We have reviewed the accompanying statements of financial positions of Blood Centers of California, Inc. (a California nonprofit mutual benefit corporation) as of December 31, 2002, and the related statement of activities and cash flow for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements are the responsibility of the Company's management.

A review consists principally of inquiries of the owner and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

A handwritten signature in cursive script that reads 'Glenn Burdette Phillips & Bryson'.

Glenn, Burdette, Phillips & Bryson
Certified Public Accountants
A Professional Corporation

April 25, 2003

BLOOD CENTERS OF CALIFORNIA, INC.
(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2002

ASSETS

Current Assets

Cash and cash equivalents

\$ 123,196

Total Assets

\$ 123,196

LIABILITIES AND NET ASSETS

Liabilities

Deferred revenue

\$ 45,913

Net Assets

Unrestricted net assets:

Charter contributions

57,000

Accumulated change in net assets

20,283

Total unrestricted net assets

77,283

Total Liabilities and Net Assets

\$ 123,196

The accompanying notes are an integral part of this financial statement.

BLOOD CENTERS OF CALIFORNIA, INC.
(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2002

Support

Dues	\$ 78,119
Interest income	<u>1,053</u>
Total support	<u>79,172</u>

Expenses

Meeting expense	6,778
Accounting fees	400
Lobbying expense	35,000
Bank charges	42
Miscellaneous	1,272
Management fees	3,000
Taxes	<u>10</u>
Total expenses	<u>46,502</u>

<u>Increase in Net Assets</u>	32,670
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<u>Accumulated Change in Net Assets - Beginning of Year</u>	<u>(12,387)</u>
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<u>Accumulated Change in Net Assets - End of Year</u>	<u>\$ 20,283</u>
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The accompanying notes are an integral part of this financial statement.

BLOOD CENTERS OF CALIFORNIA, INC.
(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2002

Cash Flows From Operating Activities

Change in net assets	\$ 32,670
Decrease in deferred revenue	<u>42,453</u>

Net cash provided by operating activities	<u>75,123</u>
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<u>Net Increase in Cash and Cash Equivalents</u>	75,123
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<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>48,073</u>
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<u>Cash and Cash Equivalents - End of Year</u>	<u><u>\$ 123,196</u></u>
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Disclosure of Accounting Policy

For purposes of the statement of cash flows, Blood Centers of California, Inc. considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of this financial statement.

BLOOD CENTERS OF CALIFORNIA, INC.
(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

Note 1 - Nature of Activities and Significant Accounting Policies

A. Organization

Blood Centers of California, Inc. was established on December 1, 1987, and its primary activities at that stage of formation consisted of recruiting charter members and raising capital. The Corporation has since then established an association of nonprofit blood centers to promote the common interest of such services and organization, and assistance of nonprofit blood center services and organizations in California and elsewhere by creating the means to combine resources and promote more efficient and effective blood services, and promotion of the activities and interest of nonprofit blood services and organizations.

Blood Centers of California, Inc. was organized under the nonprofit laws of the State of California as a mutual benefit corporation. The Corporation has been granted tax-exempt status for federal and state tax purposes under Section 501(c)(6) of the Internal Revenue Code.

B. Contributed Services

During the years ended December 31, 2002, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

C. 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 estimates.

D. Financial Statement Presentation

In 1997, the Corporation 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 its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows. As permitted by the new statement, the Corporation has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets. As of December 31, 2002, the Corporation's net assets were all unrestricted.

BLOOD CENTERS OF CALIFORNIA, INC.
(A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002
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Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

E. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

Note 2 - Unrestricted Net Assets - Charter Contributions

Nineteen charter member blood banks in California each contributed \$3,000 before October 1, 1988, as an initial financial contribution. In addition, each member contributed considerable unreimbursed expense, time, and expertise in organizing the Corporation. The "Charter Net Assets" in the amount of \$57,000 represents the cash contributions of the Corporation's charter members.

Note 3 - Cash

As of December 31, 2002, cash consisted of the following:

Checking account	\$ 4,331
Money market account	<u>118,865</u>
	<u>\$ 123,196</u>

Note 4 - Deferred Revenue

The amount recorded as deferred revenue represents dues for 2003 received prior to the year ending December 31, 2002.



BLOOD CENTERS OF CALIFORNIA

April 25, 2003

Glenn, Burdette, Phillips & Bryson
Certified Public Accountants
1150 Palm Street
San Luis Obispo, CA 93401

We are providing this letter in connection with your audit of the statement of financial position of Blood Centers of California as of December 31, 2002, and the related statements of functional expenses, and cash flows for the current year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Blood Centers of California in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of April 25, 2003, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the organization's control.
2. We have made available to you all—
 - a. Financial records and related data.
 - b. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

P.O. Box 2569 • Sacramento, CA 95814

5. There has been no:
 - a. Fraud involving management or employees who have significant roles in internal control.
 - b. Fraud involving others that could have a material effect on the financial statements.
6. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, or net asset balances.
7. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
8. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the company vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
9. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
10. Blood Centers of California is an exempt organization under Section 501(c)(6) of the Internal Revenue Code. Any activities, of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Glenn, Burdette, Phillips & Bryson

April 25, 2003

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11. There are no:

- a. Violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies."
- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
- d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.

12. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.

13. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Signature: Cherie S. Evans md

Title: President BCC