

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B	This return/report is: ☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan HCSC-BLOOD CENTER, INC. TAX DEFERRED ANNUITY PLAN
1b	Three-digit plan number (PN) ▶ 003
1c	Effective date of plan 07/01/1987
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) HCSC-BLOOD CENTER, INC. 2171 28TH STREET SW ALLENTOWN, PA 18103
2b	Employer Identification Number (EIN) 23-1731796
2c	Plan Sponsor's telephone number 610-791-2222
2d	Business code (see instructions) 621510

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	06/13/2024	LORI OFNER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 272
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year		6a(1) 218
a(2) Total number of active participants at the end of the plan year		6a(2)
b Retired or separated participants receiving benefits		6b
c Other retired or separated participants entitled to future benefits.....		6c
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e
f Total. Add lines 6d and 6e		6f 0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 0
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2F 2G 2L 2M 2S 2T 3F 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply)		9b Plan benefit arrangement (check all that apply)
(1) ☒ Insurance	(1) ☒ Insurance	
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts	
(3) ☒ Trust	(3) ☒ Trust	
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules		b General Schedules
(1) ☒ R (Retirement Plan Information)	(1) ☒ H (Financial Information)	
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) ☐ I (Financial Information – Small Plan)	
(3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) ☒ 1 A (Insurance Information)	
	(4) ☒ C (Service Provider Information)	
	(5) ☐ D (DFE/Participating Plan Information)	
	(6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
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For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023		
A Name of plan HCSC-BLOOD CENTER, INC. TAX DEFERRED ANNUITY PLAN	B Three-digit plan number (PN) ▶	003
C Plan sponsor's name as shown on line 2a of Form 5500 HCSC-BLOOD CENTER, INC.	D Employer Identification Number (EIN) 23-1731796	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
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(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
04-1590850	65935	780116-01	117	07/01/2022	06/30/2023

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end.....	4	3701269
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount..... Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ GROUP ANNUITY CONTRACT

b	Balance at the end of the previous year	7b	3922437
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c	Additions: (1) Contributions deposited during the year	7c(1)	247261
	(2) Dividends and credits	7c(2)	0
	(3) Interest credited during the year	7c(3)	56663
	(4) Transferred from separate account	7c(4)	19736
	(5) Other (specify below)	7c(5)	52492

▶ LOAN PAYMENTS

(6) Total additions	7c(6)	376152
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d	Total of balance and additions (add lines 7b and 7c(6))	7d	4298589
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	404144
(2) Administration charge made by carrier	7e(2)	9657
(3) Transferred to separate account	7e(3)	133840
(4) Other (specify below)	7e(4)	49679

▶ LN DIST

(5) Total deductions	7e(5)	597320
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f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	3701269
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	0
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2022
		This Form is Open to Public Inspection.

For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023		
A Name of plan HCSC-BLOOD CENTER, INC. TAX DEFERRED ANNUITY PLAN	B Three-digit plan number (PN) ▶	003
C Plan sponsor's name as shown on line 2a of Form 5500 HCSC-BLOOD CENTER, INC.	D Employer Identification Number (EIN) 23-1731796	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MORGAN STANLEY

1585 BROADWAY
NEW YORK NY
NEW YORK, NY 10036

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	INVESTMENT ADVISOR	11272	Yes ☒ No ☐	Yes ☒ No ☐	11995	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

EMPOWER ANNUITY INSURANCE COMPANY O

8515 EAST ORCHARD ROAD
GREENWOOD VILLAGE, CO 80111

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 62	RECORD KEEPER	21614	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

EMPOWER ADVISORY GROUP, LLC

8515 EAST ORCHARD ROAD
GREENWOOD VILLAGE, CO 80111

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MGMT	193	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023		
A Name of plan HCSC-BLOOD CENTER, INC. TAX DEFERRED ANNUITY PLAN	B Three-digit plan number (PN) ►	003
C Plan sponsor's name as shown on line 2a of Form 5500 HCSC-BLOOD CENTER, INC.	D Employer Identification Number (EIN) 23-1731796	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	0	0
(2) Participant contributions.....	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants).....	1c(7)	0	0
(8) Participant loans.....	1c(8)	205952	206878
(9) Value of interest in common/collective trusts.....	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	3623128	4178496
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	3922437	3701269
(15) Other	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	7751517	8086643

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h		
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	7751517	8086643
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	375493	
(B) Participants	2a(1)(B)	495789	
(C) Others (including rollovers)	2a(1)(C)	53840	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		925122
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	12551	
(F) Other	2b(1)(F)	56692	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		69243
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	133919	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		133919
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		340789
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		1469073
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1090827	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1090827
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		23007
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	14068	
(3) Investment advisory and management fees	2i(3)	6045	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		20113
j Total expenses. Add all expense amounts in column (b) and enter total	2j		1133947
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		335126
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **CLA (CLIFTON LARSON ALLEN LLP)**

(2) EIN: **41-0746749**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		200000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023		
A Name of plan HCSC-BLOOD CENTER, INC. TAX DEFERRED ANNUITY PLAN		B Three-digit plan number (PN) ► 003
C Plan sponsor's name as shown on line 2a of Form 5500 HCSC-BLOOD CENTER, INC.		D Employer Identification Number (EIN) 23-1731796
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-1590850 20-3691708 Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock?..... ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:		
	a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....	14a	
	b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14b	
	c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year.....	15a	
	b The corresponding number for the second preceding plan year.....	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
----------------	---

18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c) a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____% b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____
20	PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20. a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box: ☐ Yes. ☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date. ☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date. ☐ No. Other. Provide explanation _____

**HCSC-BLOOD CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**



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**HCSC-BLOOD CENTER
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INDEPENDENT AUDITORS' REPORT

Board of Directors
HCSC-Blood Center.
Allentown, Pennsylvania

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of HCSC-Blood Center (a nonprofit organization, the Organization), dba Miller Keystone Blood Center, which comprise the statement of financial position as of June 30, 2023, and related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCSC-Blood Center as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Other Matter

The financial statements of Hospital Central Services, Inc. as of June 30, 2022 were audited by Concannon Miller & Co., P.C., whose shareholders and professional staff joined CliftonLarsonAllen LLP as of November 1, 2022, and has subsequently ceased operations. Concannon Miller & Co., P.C.'s report, dated October 31, 2022, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted 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, including omissions, 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 the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the 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 Organization's internal control. Accordingly, no such opinion is expressed.
- 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.



CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
December 14, 2023

HCSC-BLOOD CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 828,557	\$ 1,601,816
Investments, at Fair Value	9,935,685	6,096,310
Accounts Receivable, Trade, Net	3,492,405	2,451,061
Other Receivables	213,849	3,874,180
Inventories:		
Blood Products	464,002	458,282
Supplies	422,506	408,164
Prepaid Expenses	304,868	422,486
Total Current Assets	<u>15,661,872</u>	<u>15,312,299</u>
 PROPERTY, PLANT, AND EQUIPMENT, NET	 3,158,036	 3,044,634
 OPERATING LEASE RIGHT-OF-USE ASSETS, NET	 1,763,119	 -
 FINANCE LEASE RIGHT-OF-USE ASSETS, NET	 392,892	 -
 OTHER ASSETS		
Patronage Receivables	585,297	554,856
Security Deposits	12,932	12,932
Investments, at Cost	361,983	361,983
Total Other Assets	<u>960,212</u>	<u>929,771</u>
 Total Assets	 <u><u>\$ 21,936,131</u></u>	 <u><u>\$ 19,286,704</u></u>

See accompanying Notes to Financial Statements.

HCSC-BLOOD CENTER
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating Lease Liabilities - Current Portion	\$ 501,619	\$ -
Finance Lease Liabilities - Current Portion	103,852	-
Current Portion of Capital Lease Obligations	-	99,860
Current Portion of Term Debt	152,759	178,120
Accounts Payable	889,693	682,838
Accrued Expenses	1,209,342	1,452,843
Due to Affiliates, Net	376,327	504,811
Total Current Liabilities	<u>3,233,592</u>	<u>2,918,472</u>
LONG-TERM LIABILITIES		
Operating Lease Liabilities - Long-Term Portion	1,578,612	-
Finance Lease Liabilities - Long-Term Portion	281,312	-
Capital Lease obligations, net of current portion	-	383,425
Term Debt, Net of Current Portion	21,697	174,145
Total Long-Term Liabilities	<u>1,881,621</u>	<u>557,570</u>
Total Liabilities	5,115,213	3,476,042
NET ASSETS		
Without Donor Restrictions:		
Allocated to Patronage Dividends	592,778	592,778
Unallocated	16,101,857	14,995,378
Total Without Donor Restrictions	<u>16,694,635</u>	<u>15,588,156</u>
With Donor Restrictions	126,283	222,506
Total Net Assets	<u>16,820,918</u>	<u>15,810,662</u>
Total Liabilities and Net Assets	<u>\$ 21,936,131</u>	<u>\$ 19,286,704</u>

See accompanying Notes to Financial Statements.

**HCSC-BLOOD CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenues:		
Blood Sales and Services	\$ 28,157,147	\$ 26,703,894
Contributions and Grants	360,214	345,402
Employee Retention Credits	-	1,197,593
Miscellaneous Income	474,179	207,524
Interest Expense - Affiliate	(37,263)	(4,101)
Interest Income - Other, Net of Fees	240,906	143,688
Realized Loss on Investments	(10,791)	(10,337)
Unrealized (Loss) Gain on Investments	3,583	(506,298)
Gain on Disposal of Property and Equipment	2,400	2,400
Total	<u>29,190,375</u>	<u>28,079,765</u>
Net Assets Released from Restrictions	<u>305,331</u>	<u>472,490</u>
Total Support and Revenues	<u>29,495,706</u>	<u>28,552,255</u>
EXPENSES		
Program Services	23,081,021	21,929,812
General and Administrative	4,910,513	5,354,893
Fundraising	397,693	198,986
Total Expenses	<u>28,389,227</u>	<u>27,483,691</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,106,479	1,068,564
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and Grants	209,108	286,100
Net Assets Released from Restrictions	<u>(305,331)</u>	<u>(472,490)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(96,223)</u>	<u>(186,390)</u>
CHANGE IN NET ASSETS	1,010,256	882,174
Net Assets - Beginning of Year	<u>15,810,662</u>	<u>14,928,488</u>
NET ASSETS - END OF YEAR	<u><u>\$ 16,820,918</u></u>	<u><u>\$ 15,810,662</u></u>

See accompanying Notes to Financial Statements.

HCSC-BLOOD CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Program	General and Administrative	Fundraising	Total Expenses	
				2023	2022
Salaries	\$ 8,960,681	\$ 1,734,126	\$ 218,117	\$ 10,912,924	\$ 9,994,657
Employee Benefits and Taxes	1,999,681	34,803	(179)	2,034,305	2,090,995
Blood Purchases and Inventory Adjustment	1,434,373	-	-	1,434,373	1,335,417
Production Supplies and Materials	3,101,070	24,352	56,365	3,181,787	3,072,199
Depreciation	695,390	19,443	6,469	721,302	777,373
Utilities	254,898	-	-	254,898	256,950
Rent	408,220	74,316	14,863	497,399	354,724
Waste Disposal	135,302	-	-	135,302	128,195
Repairs and Maintenance	461,802	4,935	2,111	468,848	421,468
Mileage and Delivery	476,596	1,565	531	478,692	373,284
Technology Equipment and Services	715,422	965,542	16,064	1,697,028	1,598,657
Blood Testing	3,077,130	-	-	3,077,130	3,311,636
Telephone	204,218	18,765	3,273	226,256	209,995
Professional Fees	9,015	1,224,798	-	1,233,813	1,137,066
Insurance	45,578	547,124	-	592,702	905,855
Vehicle Expense	97,881	-	-	97,881	87,191
Advertising	351,732	92,054	74,107	517,893	417,569
Interest	-	29,173	-	29,173	39,538
Miscellaneous	652,030	139,517	5,972	797,519	970,920
Total	\$ 23,081,019	\$ 4,910,513	\$ 397,693	\$ 28,389,225	\$ 27,483,689

See accompanying Notes to Financial Statements.

HCSC-BLOOD CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 8,217,403	\$ 1,697,291	\$ 79,963	\$ 9,994,657
Employee Benefits and Taxes	2,037,510	43,888	9,597	2,090,995
Blood Purchases and Inventory Adjustment	1,335,417	-	-	1,335,417
Production Supplies and Materials	3,031,400	25,012	15,787	3,072,199
Depreciation	741,873	26,573	8,927	777,373
Utilities	256,950	-	-	256,950
Rent	283,957	56,614	14,153	354,724
Waste Disposal	128,195	-	-	128,195
Repairs and Maintenance	418,934	2,072	462	421,468
Mileage and Delivery	371,292	1,992	-	373,284
Technology Equipment and Services	629,924	954,736	13,997	1,598,657
Blood Testing	3,311,636	-	-	3,311,636
Telephone	189,790	17,207	2,998	209,995
Professional Fees	11,698	1,125,368	-	1,137,066
Insurance	34,453	871,402	-	905,855
Vehicle Expense	87,191	-	-	87,191
Advertising	279,131	87,826	50,612	417,569
Interest	-	39,538	-	39,538
Miscellaneous	563,056	405,374	2,490	970,920
	<u>\$ 21,929,810</u>	<u>\$ 5,354,893</u>	<u>\$ 198,986</u>	<u>\$ 27,483,689</u>
Total				

See accompanying Notes to Financial Statements.

HCSC-BLOOD CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,010,256	\$ 882,174
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	721,302	777,372
Noncash Operating Lease Expense	317,112	-
Amortization of Financing Right of Use Assets	107,627	-
Realized Loss on Investments	10,791	10,337
Unrealized Loss (Gain) on Investments	(3,583)	506,298
Gain on Sale of Assets	-	(2,401)
(Increase) Decrease in Assets:		
Accounts Receivable, Trade	(1,041,344)	(362,022)
Other Receivables	3,660,331	(1,144,330)
Inventories	(20,062)	(140,564)
Prepaid Expenses	117,618	(136,984)
Patronage Receivables	(30,441)	(168,143)
Increase (Decrease) in Liabilities:		
Accounts Payable	206,855	(132,856)
Accrued Expenses	(243,501)	(294)
Due to Affiliates, Net	(128,484)	35,241
Net Cash Provided by Operating Activities	<u>4,684,477</u>	<u>123,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	(4,344,435)	672,145
Purchases of Investments	497,852	(1,770,135)
Proceeds from Disposal of Property, Plant, and Equipment	-	2,401
Purchases of Property, Plant, and Equipment	<u>(1,335,223)</u>	<u>(747,710)</u>
Net Cash Used by Investing Activities	(5,181,806)	(1,843,299)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Term Debt	(177,809)	(170,218)
Principal Payments on Finance Leases	(98,121)	-
Proceeds from Capital Lease Obligations	-	289,108
Repayments of Capital Lease Obligations	<u>-</u>	<u>(93,117)</u>
Net Cash Provided (Used) by Financing Activities	<u>(275,930)</u>	<u>25,773</u>
NET DECREASE IN CASH	(773,259)	(1,693,698)
Cash - Beginning of Year	<u>1,601,816</u>	<u>3,295,514</u>
CASH - END OF YEAR	<u><u>\$ 828,557</u></u>	<u><u>\$ 1,601,816</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u><u>\$ 29,173</u></u>	<u><u>\$ 47,592</u></u>

See accompanying Notes to Financial Statements.

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF ACTIVITIES

HCSC – Blood Center (the Organization) serves the healthcare industry, primarily hospitals, by providing blood products in Pennsylvania and surrounding states.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Basis of Presentation

The Organization's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or law.

Net Assets with Donor Restrictions – Net assets subject to donor-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.

Concentration of Credit Risk

The Organization may be subject to credit risk to its cash, which is placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000 for all accounts. From time to time, the Organization may have amounts on deposit in excess of the FDIC limits. The Organization had an at-risk balance of approximately \$826,400 and \$1,654,800 at June 30, 2023 and 2022, respectively.

Accounts Receivable

Trade accounts receivable are stated at the amount the Organization expects to collect. The Organization maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Based on management's assessment, the Organization provides for estimated credit losses through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The balance in the allowance for credit losses was \$472,589 at June 30, 2023 and 2022.

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of blood products and related supplies. Each are stated at the lower of cost or market on a first-in, first-out basis.

Property, Furniture, and Equipment

Donations of property, furniture, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Purchased property, furniture, and equipment are carried at cost, less accumulated depreciation. Maintenance and repairs that neither materially add to the value of property nor appreciably prolong its life are charged to expense. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gains or losses from such transactions are credited or charged to income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

Valuation of Investments in Securities at Fair Value

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurement and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair 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 that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization’s assumption about the inputs market participants would use in pricing the asset or liability developed 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 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments at Cost

The Organization carries certain investments under the cost basis of accounting in accordance with FASB ASC 325, *Investments – Other*. The Organization evaluates each cost method investment for impairment on an annual basis and recognizes an impairment loss if a decline in value is determined to be other-than-temporary. If the Organization has not identified events or changes in circumstances that may have a significant adverse effect on the fair value of a cost method investment, then the fair value of such cost method investment is not estimated, as it is impracticable to do so. During the years ended June 30, 2023 and 2022, management concluded that no such impairment was considered necessary.

Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue from the Organization's activities is recognized as the respective services are performed or goods are delivered to the customer. These revenues are comprised primarily of the sale of blood products and the testing and export of blood products.

Service fee revenue is recognized at the point in time when the contract specific performance obligation has been satisfied. Revenue from the sale of blood products, and related exports, are recorded when such products are shipped to customers. Revenues from testing services are recorded when test results are mailed or faxed to customers. Provisions for allowances and other adjustments are provided for in the same period the related sales are recorded.

The following table shows the Organization's revenue disaggregated according to the nature of the goods and services provided:

	2023	2022
Sale of Blood Products	\$ 25,791,638	\$ 24,411,110
Testing and Exports	2,365,509	2,292,784
Miscellaneous	474,179	207,524
Total	<u>\$ 28,631,326</u>	<u>\$ 26,911,418</u>

As of June 30, 2023 and 2022, the Organization did not have any contract asset or liability balances.

As identified above, the vast majority of the Organization's revenues are recognized at a point in time when the performance obligations are satisfied based upon transfer of control of the product or service to a customer. For inventory sold, this transfer typically occurs upon shipment of the items to the customer. The Organization assesses the sale or service agreement to determine the proper transfer recognition. Generally, payment is received at the point of sale and contracts do not have any financing components.

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

In the sale of inventory, the Organization provides shipping services to deliver some of its products. Shipping and handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. The Organization has made an accounting policy election (as permitted under Accounting Standards Update (ASU) 2016-10, *Identifying Performance Obligations and Licensing*) to recognize any shipping and handling costs that are incurred after the customer obtains control of the goods as fulfillment costs which are accrued at the time of revenue recognition.

Revenue Recognition – Contributions

Support revenue is generally recognized at the point in time when the donation is received. The portion of ticket sales for special events that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. In-kind contributions are recognized as income when the donated assets are physically received.

Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which support is recognized.

Donated Services

The Organization receives a substantial amount of donated services from unpaid volunteers who assist in fund-raising and blood donor activities. However, these donated services are not reflected in the financial statements since these services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

Contributed professional services are recognized at fair market value if the services received require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Any amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses.

Allocation of Patronage Dividends

Prior to January 1, 1987, cumulative allocations of earnings totaling \$592,778 were made to patronage dividends in compliance with Internal Revenue Code (IRC) Section 501(e). No subsequent allocations have been made because the Organization is now exempt under IRC Section 501(c).

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was approximately \$517,900 and \$417,600 for the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities and equipment, depreciation, and operating expenses, which are allocated based on the basis of use at each respective owned or leased property, as well as employment costs and contract services which are allocated on the basis of estimates of time and effort.

Income Taxes

No provision for income taxes has been made in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, income from activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

The Organization complies with the guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

As of June 30, 2023 and 2022, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption through a cumulative effect adjustment, with certain practical expedients available.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as financing leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at least commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, finance lease liabilities at the carrying amount of the capital lease obligation on June 30, 2022, of \$483,285 and finance ROU assets at the carrying amount of the capital lease assets of \$497,080. The Organization also recognized on July 1, 2022, operating lease liabilities of \$2,509,530, which represents the present value of the remaining operating lease payments of \$2,788,451, discounted using a risk-free rate of 3.09%, and an operating ROU asset of \$2,509,530, which represents the operating lease liability of \$2,509,530.

There was no adjustment to net assets as a result of recording the lease liability and ROU asset. The standard had a material impact on the statement of financial position but did not have a material impact on the statements of activities and statements of cash flows.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization strives to maintain available financial assets sufficient to cover three months of general expenditures. Financial assets in excess of daily cash requirements are held in money market funds.

The Organization's cash flows and liquidity are primarily driven by the daily receipts provided by the Organization's normal operations of providing blood distribution and testing services to surrounding hospitals. Supporting cash flows are provided by donor contributions which are typically available for operations unless the donor has identified a specific restriction on the gift. Due to the ability to predict cash flows from its customers and donors, the organization is able to manage its expenses to maintain positive liquidity throughout the year.

Financial assets available for general expenditure within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and Cash Equivalents	\$ 828,557	\$ 1,601,816
Investments, at Fair Value	9,935,685	6,096,310
Accounts Receivable, Net	3,492,405	2,451,061
Total	<u>\$ 14,256,647</u>	<u>\$ 10,149,187</u>

NOTE 4 INVESTMENTS AT FAIR VALUE

The Organization's investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB ASC 820 (see Note 2). Based on that hierarchy, as of June 30, 2023 and 2022, all of the Organization's investment in cash equivalents and mutual funds were considered to be Level 1 investments and those in the various bonds were considered to be Level 2 investments.

HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS AT FAIR VALUE (CONTINUED)

Investment income is summarized as follows:

	2023	2022
Interest Income, Net of Fees	\$ 240,906	\$ 143,688
Realized Loss	(10,791)	(10,337)
Unrealized Gain (Loss)	3,583	(506,298)
Total	<u>\$ 233,698</u>	<u>\$ (372,947)</u>

At June 30, 2023, the cost, estimated fair value and unrealized gains and losses on the Organization's investments are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash Equivalents	\$ 354,870	\$ -	\$ -	\$ 354,870
Mutual Funds	2,033,369	-	(135,642)	1,897,727
Corporate Bonds	1,557,523	631	(149,992)	1,408,162
International Bonds	270,140	-	(18,837)	251,303
Government Bonds	6,105,300	8,246	(89,923)	6,023,623
Total	<u>\$ 10,321,202</u>	<u>\$ 8,877</u>	<u>\$ (394,394)</u>	<u>\$ 9,935,685</u>

At June 30, 2022, the cost, estimated fair value and unrealized gains and losses on the Organization's investments are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash Equivalents	\$ 477,844	\$ -	\$ -	\$ 477,844
Mutual Funds	2,033,369	-	(139,036)	1,894,333
Corporate Bonds	1,512,656	174	(138,173)	1,374,657
International Bonds	289,626	-	(20,314)	269,312
Government Bonds	2,171,913	745	(92,494)	2,080,164
Total	<u>\$ 6,485,408</u>	<u>\$ 919</u>	<u>\$ (390,017)</u>	<u>\$ 6,096,310</u>

At June 30, 2023 and 2022, 89 and 90 bonds, respectively, contributed to the unrealized losses disclosed above. No such losses were deemed to be other-than-temporarily impaired.

Contractual maturities for investments at June 30, 2023 are as follows:

	Fair Value
Due in One Year or Less	\$ 3,954,414
Due in Two up to Five Years	1,508,269
Due after Five Years	2,220,405
Total	<u>\$ 7,683,088</u>

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 INVESTMENTS AT FAIR VALUE (CONTINUED)

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

	2023	2022
Land and Improvements	\$ 365,347	\$ 365,347
Buildings and Improvements	6,019,887	5,565,019
Equipment	6,160,453	5,832,980
Furniture and Fixtures	414,860	390,804
Vehicles	1,701,290	2,424,692
Construction in Progress	51,525	49,643
Subtotal	14,713,362	14,628,485
Less: Accumulated Depreciation and Amortization	11,555,326	11,583,851
Total Property, Plant, and Equipment	<u>\$ 3,158,036</u>	<u>\$ 3,044,634</u>

Total depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$721,302 and \$777,372, respectively.

NOTE 6 PATRONAGE RECEIVABLES

In 1993 the Organization provided \$50,740 to The Community Blood Centers' Exchange (BCx), which is an insurer of blood and tissue centers. This initial contribution provided the Organization with the right to collect annual dividends and a share of BCx's surplus income. On an annual basis, the difference between any dividends paid and a distribution of BCx's net income for the previous year is added to the original value of the receivable. As of June 30, 2023 and 2022, the carrying value of the receivable was \$406,999 and \$397,464, respectively.

During the year ended June 30, 2022, the Organization provided \$157,392 to The National Blood Testing Cooperative (NBTC), which is a blood testing service organization. This initial contribution provided the Organization with the right to earn a share of NBTC's net proceeds, as defined by their bylaws. On an annual basis, the value of will be adjusted for additional contributions made or distributions received. As of June 30, 2023 and 2022, the carrying value of the receivable was \$178,298 and \$157,392, respectively.

HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 LINE OF CREDIT

The Organization has an unsecured, annually renewable, line of credit agreement with the bank in the amount of \$1,500,000. Borrowings under the line of credit may be used for working capital and interest is at the bank's prime rate with a floor of 4.00% (8.50% at June 30, 2023).

This line of credit is due on demand with no set expiration date. There were no outstanding advances on the line of credit at June 30, 2023 or 2022.

NOTE 8 TERM DEBT

<u>Description</u>	<u>2023</u>	<u>2022</u>
Mortgage payable to bank, payments of principal and interest of \$9,898 including interest at 4.48%; final payment due March 2024; secured by land and buildings.	\$ 84,790	\$ 196,794
Mortgage payable to bank, two payments of interest at 1.5% above the SOFR rate and then payments of principal and interest of \$3,888.68 including interest at 4.160%; final payment due June 2024; secured by accounts receivable, inventory, general intangibles, and machinery and equipment.	44,889	88,578
Note payable to bank, payments of principal and interest of \$2,019 including interest at a fixed rate of 3.82% began April 2020; final payment due March 2025; secured by accounts receivable, inventory, general intangibles, and machinery and equipment.	<u>44,777</u>	<u>66,893</u>
Subtotal	174,456	352,265
Less: Current Portion	<u>152,759</u>	<u>178,120</u>
Total	<u><u>\$ 21,697</u></u>	<u><u>\$ 174,145</u></u>

At June 30, 2023, term debt maturities are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 152,548
2025	21,597
2026	-
Total	<u><u>\$ 174,145</u></u>

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 TERM DEBT (CONTINUED)

Under the terms of certain loan agreements, the Organization is subject to meet certain financial covenants including debt service coverage ratio and debt to tangible net worth ratio. At June 30, 2023, the Organization believes it was in compliance with or had obtained waivers from the lender for all such covenants.

NOTE 9 DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization has a defined contribution retirement plan that covers all full-time eligible employees. Participants may contribute up to 100% of pre-tax and after tax (Roth) compensation, as defined in the plan, subject to certain limitations. The Organization matches 50% of the salary deferral contributions up to a maximum of 4% of the participant's annual compensation. Discretionary profit-sharing contributions are determined annually by the Organization. The Organization's contributions to the plan for 2023 and 2022 were approximately \$421,000 and \$372,000, respectively. The retirement plan's investments were self-directed among various mutual funds and a guaranteed income fund.

NOTE 10 ASC 842 – LEASES

The Organization leases facilities and equipment under noncancelable operating leases expiring through August 2027. The Organization is also the lessee of certain equipment under financing leases that expire through August 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases for the year ended June 30, 2023:

Lease Costs	
Finance lease costs:	
Amortization of right-of-use assets	\$ 109,447
Interest on lease liabilities	16,610
Operating lease costs	467,931
Total lease costs	<u>\$ 593,988</u>
Other information:	
Cash flows from financing leases	116,549
Cash flows from operating leases	500,315
Right-of-use assets obtained in exchange for financing lease liabilities	502,339
Right-of-use assets obtained in exchange for operating lease liabilities	2,173,696
Weighted-average remaining lease term - financing leases	4.26 years
Weighted-average remaining lease term - operating leases	5.46 years
Weighted-average discount rate - financing leases	3.77%
Weighted-average discount rate - operating leases	3.09%

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NOTE 10 ASC 842 – LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending June 30.</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 116,549	\$ 557,464
2025	92,052	455,135
2026	87,151	331,713
2027	70,388	258,923
2028	46,918	234,798
Thereafter	3,911	425,958
Undiscounted Cash Flows	416,969	2,263,991
(Less) Imputed Interest	(31,805)	(183,760)
Total Present Value	<u>\$ 385,164</u>	<u>\$ 2,080,231</u>
Current Lease Liabilities	\$ 103,852	\$ 501,619
Long-Term Lease Liabilities	281,312	1,578,612
Total	<u>\$ 385,164</u>	<u>\$ 2,080,231</u>

Operating lease assets were \$2,173,696 and related accumulated amortization was \$410,578 at June 30, 2023.

NOTE 11 ASC 840 – LEASES

The Organization is obligated under capital leases covering certain equipment that expire through August 2028. The gross amount of the equipment and was \$729,475 and the related accumulated amortization was \$232,395 at June 30, 2022.

The Organization leases facilities and equipment under noncancelable operating leases expiring through August 2027.

HCSC-BLOOD CENTER
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NOTE 11 ASC 840 – LEASES (CONTINUED)

Future minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year and future minimum payments on capital leases as of June 30, 2023 were:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2023	\$ 116,549	\$ 451,643
2024	116,549	248,602
2025	90,078	194,744
2026	87,151	113,791
2027	70,444	56,598
Thereafter	50,829	-
Total Minimum Lease Payments	531,600	<u>\$ 1,065,378</u>
Less: Amount Representing Interest	48,315	
Present Value of Minimum Capital Lease Payments	483,285	
Less: Current Portion of Capital Lease Obligations	99,860	
Capital Lease Obligations, Net of Current Portion	<u>\$ 383,425</u>	

Total rent expense for operating leases for the year ended June 30, 2022, was approximately \$481,000.

NOTE 12 RELATED PARTY TRANSACTIONS

The Organization shares the cost of management services with its affiliates. The shared costs are for services provided by HCSC-Enterprises, Inc., an affiliate, and include data processing, accounting, human resources, and management. The costs of these services were \$2,560,382 and \$2,445,053 in 2023 and 2022, respectively.

Amounts due from (to) affiliates are the result of ordinary business activities conducted by the Organization. The balances bear interest at the affiliate's line of credit rate which is the bank's prime rate less 2%. There are no repayment terms.

The Organization had outstanding balances due from (to) affiliates in the following amounts as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Due to Hospital Central Services Cooperative Inc. and Subsidiary	\$ (846,852)	\$ (693,151)
Due to HCS, Inc.	(37,141)	(5,185)
Due from HSCS Enterprises, Inc.	507,666	193,525
Due To Affiliates, Net	<u>\$ (376,327)</u>	<u>\$ (504,811)</u>

Interest expense from affiliates for the years ended June 30, 2023 and 2022 amounted to \$37,263 and \$4,101, respectively.

**HCSC-BLOOD CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)

During 2016, the Organization made an equity investment in Blood Centers of America of \$350,000. The asset value of the investment in Blood Centers of America has been recorded at cost and is reviewed annually for impairment in accordance with the policy disclosed in Note 2. No impairment losses were considered necessary for the years ended June 30, 2023 and 2022.

NOTE 13 EMPLOYEE RETENTION CREDITS

The Coronavirus Aid, Relief and Economic Security Act, signed and executed in March 2020, included a provision which permitted employers who retained their labor force to claim a refundable credit on eligible payroll costs. In December 2020, the Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended these provisions to the second calendar quarter of 2021. Further, the American Rescue Plan Act of 2021 extended the provision to the third calendar quarter of 2021. Under the provisions of these Acts, the Organization reviewed its eligible expenses during the years ended June 30, 2022 and 2021, and concluded that they met all eligibility requirements for the first three quarters of 2021. As such, for the years ended June 30, 2022 and 2021, management determined that the Organization had qualified for Employee Retention Credits of \$1,197,593 and \$2,486,554, respectively, which were recorded as revenue in the statement of operations and were included in other receivables at June 30, 2022.

During the year ended June 30, 2023, the Organization collected the full \$3,684,147 balance.

NOTE 14 MAJOR CUSTOMERS

During the year ended June 30, 2023, the Organization had four major customers that accounted for \$21,102,506 in revenue (75% of total blood sales and services). During the year ended June 30, 2022, the Organization had four major customers that accounted for \$20,640,368 in revenue (77% of blood sales and services). The accounts receivable from these customers was \$3,170,566 and \$2,149,347 at June 30, 2023 and 2022, respectively.

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 14, 2023, the date the financial statements were available to be issued. No events or transactions have occurred subsequent to year end that require recognition or disclosure in the financial statements.

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
IRFTTX			9,591.61	9,809.70
IRFJTX			19,622.01	20,135.21
IRRCTX			131,739.56	135,644.80
IRFDTX			172,605.20	179,617.91
IRFETX			113,252.03	118,984.86
IRFFTX			90,835.60	96,159.15
IRFGTX			140,521.31	150,562.53
IRFHTX			81,748.15	87,225.05
IRFITX			90,055.48	96,176.76
IRFKTX			119,878.73	128,889.75
IRFUTX			85,340.54	92,191.90
IRFVTX			66,855.68	72,877.36
IFSPSX			79,411.26	83,253.92
IVWILX			119,241.72	136,651.65
ITIREX			37,387.19	37,078.28
IQUAZX			56,572.11	63,351.87
IFSSNX			40,683.20	41,667.19
IFRCSX			55,914.00	57,500.09
IBMCKX			48,280.76	55,670.57
IDFVEX			81,946.42	84,186.91
IFSMGX			26,671.51	28,201.59
IRMFGX			106,052.93	107,219.37
IFXAIX			849,686.32	970,197.64
IJUEMX			118,852.42	130,640.18
IVWUAX			110,619.63	133,165.79
IVBIAX			676,065.75	727,108.21
IPTRQX		1.700	329,095.59	334,169.88
IMGDSB1			3,654,014.84	3,691,692.64
			7,512,541.55	7,870,030.76
PARTICIPANT LOANS				
	VARIOUS	4.250-9.250	206,798.65	206,877.99
FORFEITURES				
			9,635.56	9,734.07

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
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LEGEND

INVESTMENT OPTION:

IRFTTX American Funds 2010 Trgt Date Retire R6
IRRCTX American Funds 2020 Trgt Date Retire R6
IRFETX American Funds 2030 Trgt Date Retire R6
IRFGTX American Funds 2040 Trgt Date Retire R6
IRFITX American Funds 2050 Trgt Date Retire R6
IRFUTX American Funds 2060 Trgt Date Retire R6
IFSPSX Fidelity International Index
ITIREX TIAA-CREF Real Estate Sec Instl
IFSSNX Fidelity Small Cap Index
IBMGKX BlackRock Mid-Cap Growth Equity K
IFSMDX Fidelity Mid Cap Index
IFXAIX Fidelity 500 Index
IVWUAX Vanguard US Growth Adm
IPTQX PGIM Total Return Bond R6

IRFJTX American Funds 2015 Trgt Date Retire R6
IRFDTX American Funds 2025 Trgt Date Retire R6
IRFFTX American Funds 2035 Trgt Date Retire R6
IRFHTX American Funds 2045 Trgt Date Retire R6
IRFKTX American Funds 2055 Trgt Date Retire R6
IRFVTX American Funds 2065 Trgt Date Retire R6
IVWILX Vanguard International Growth Adm
IQUAZX AB Small Cap Growth Z
IFRCSX Franklin Small Cap Value R6
IDFVEX DFA U.S. Vector Equity I
IRMFGX American Funds American Mutual R6
IJUEMX JPMorgan US Equity R6
IVBIAX Vanguard Balanced Index Adm
IMGDSBI General Account

COST OF ASSETS: The original cost of the assets in each investment option as of the last day of the plan year
CURRENT VALUE: The value of all assets in each investment option as of the last day of the plan year