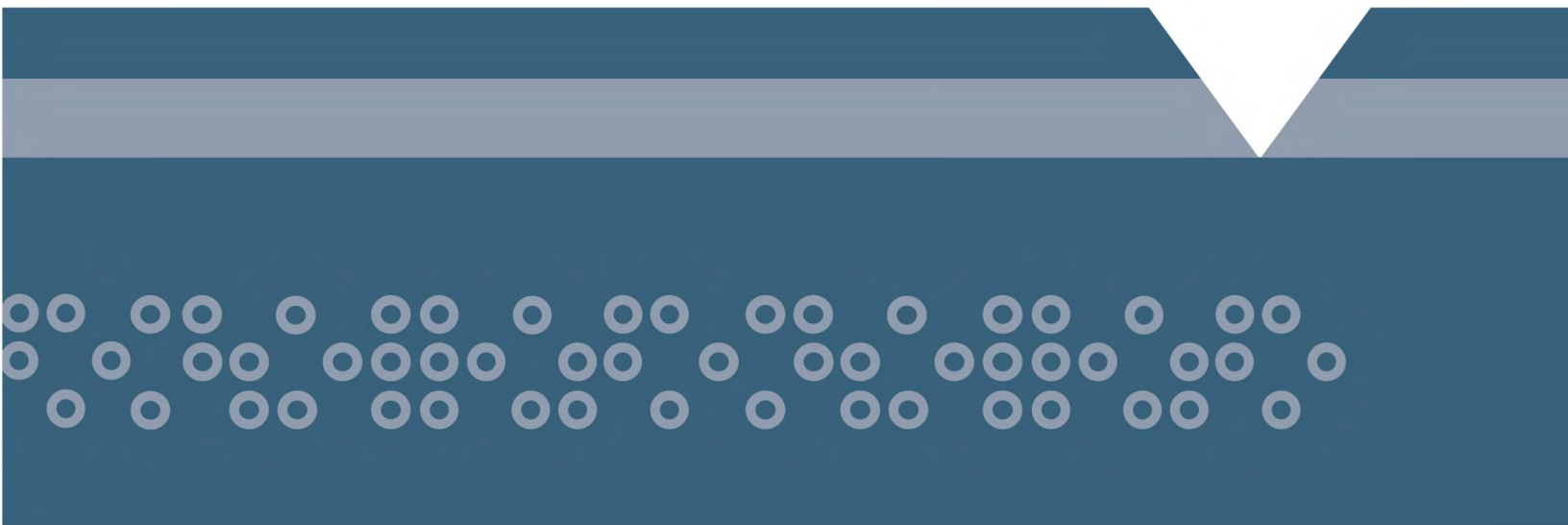


Pinnacle Family Health, Inc.
West Monroe, Louisiana

December 31, 2024 and 2023



PINNACLE FAMILY HEALTH, INC.
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2024 AND 2023
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AUDITED FINANCIAL STATEMENTS



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Board of Directors
Pinnacle Family Health, Inc.
West Monroe, Louisiana

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pinnacle Family Health, Inc. (Pinnacle) (formerly Greater Ouachita Coalition for Providing Aids Resources and Education)(a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Pinnacle Family Health, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Pinnacle's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Pinnacle'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 Pinnacle's ability to continue as a going concern for a reasonable period of time.

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

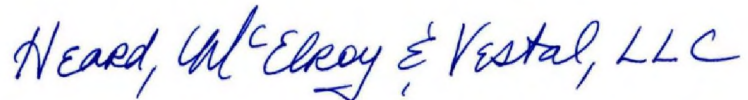
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20-22 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and also is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2025 on our consideration of Pinnacle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pinnacle's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pinnacle's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Heard, McElroy & Vestal, LLC". The signature is written in a cursive, flowing style.

Monroe, Louisiana
May 16, 2025

PINNACLE FAMILY HEALTH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
<u>Current assets:</u>		
Cash and cash equivalents	647,215	2,664,590
Investments	169,714	155,929
Grants receivable	697,557	442,900
340B program receivable	870,355	576,098
Medical services accounts receivable, net	150,934	108,427
Inventories	32,024	99,350
Prepaid expenses	36,238	-
Total current assets	<u>2,604,037</u>	<u>4,047,294</u>
<u>Right-of-use lease asset</u>	2,428,831	-
<u>Other assets:</u>		
Tenant improvements in progress	-	1,411,817
Property and equipment, net	<u>2,236,207</u>	<u>247,712</u>
	<u>2,236,207</u>	<u>1,659,529</u>
TOTAL ASSETS	<u><u>7,269,075</u></u>	<u><u>5,706,823</u></u>
LIABILITIES AND NET ASSETS		
<u>Current liabilities:</u>		
Accounts payable	510,684	135,378
340B program overpayment liability	-	655,579
Accrued expenses	70,515	54,592
Current portion of long-term debt	8,406	8,178
Current portion of lease liability	<u>419,582</u>	<u>-</u>
Total current liabilities	<u>1,009,187</u>	<u>853,727</u>
<u>Long-term liabilities</u>		
Deferred compensation liability	196,667	137,500
Long-term debt, net of current portion	126,415	134,741
Lease liability, net of current portion	<u>2,009,249</u>	<u>-</u>
Total long-term liabilities	<u>2,332,331</u>	<u>272,241</u>
Total liabilities	<u>3,341,518</u>	<u>1,125,968</u>
Net Assets		
Without donor restrictions		
Undesignated	<u>3,927,557</u>	<u>4,580,855</u>
Total net assets without donor restrictions	<u>3,927,557</u>	<u>4,580,855</u>
Total net assets	<u>3,927,557</u>	<u>4,580,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>7,269,075</u></u>	<u><u>5,706,823</u></u>

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

PINNACLE FAMILY HEALTH, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Support and Revenues		
Federal grant funding	2,512,660	2,711,283
Governmental grants other	1,500	31,000
Nongovernmental grants	20,971	12,500
Contributions	17,562	20,026
340B revenue	9,263,304	8,562,341
Medical service income, net	1,329,287	1,235,088
Net investment return	17,878	20,130
Other income	530	-
Total support and revenue	<u>13,163,692</u>	<u>12,592,368</u>
Expenses		
Program Services		
Part C Ryan White	421,337	510,904
Part B Ryan White	1,863,160	1,868,393
Part D Ryan White	27,040	-
FQHC LAL Clinic and 340B	9,419,077	7,200,670
Prevention and Wellness	70,324	75,885
Dental Clinic	446,244	16,000
ARP - LAL	3,092	103,782
Broadway Cares	2,845	9,739
Total program services	<u>12,253,119</u>	<u>9,785,373</u>
Supporting Services		
Management & general	<u>1,563,871</u>	<u>1,044,486</u>
Total supporting services	<u>1,563,871</u>	<u>1,044,486</u>
Total expenses	<u>13,816,990</u>	<u>10,829,859</u>
Change in net assets	(653,298)	1,762,509
NET ASSETS AT BEGINNING OF YEAR	<u>4,580,855</u>	<u>2,818,346</u>
NET ASSETS AT END OF YEAR	<u><u>3,927,557</u></u>	<u><u>4,580,855</u></u>

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

PINNACLE FAMILY HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services				
	Part B Ryan White				Medical Clinic & 340B
	Part C Ryan White	Medical / Related Services	TBRA	STRMU	
Bank charges	-	-	-	-	-
Advertising	-	-	-	-	-
Continuing education	-	-	-	-	15,458
Cleaning	-	4,125	-	-	14,466
Contract labor	17,286	11,370	-	-	162,571
Dues and subscriptions	-	-	-	-	41,616
Building expenses	-	-	-	-	-
Miscellaneous	-	1,968	-	-	11,810
Office expense	-	26,408	-	-	73,621
Professional fees	-	-	-	-	-
Postage	-	5,978	-	-	-
Telephone and internet	-	17,654	-	-	42,101
Utilities	-	10,122	-	-	16,749
Direct assistance:					
Food	-	570,662	-	-	-
HIV Clinic	20,617	-	-	-	-
Dental	19,804	-	-	-	-
Housing	-	114,178	200,637	9,527	-
Medicine	-	-	-	-	6,687,740
Transportation	-	9,941	-	-	371
Utilities	-	11,971	6,612	1,308	-
Other	-	-	-	-	83,058
Medical expense	-	7,108	-	-	210,648
Educational materials	-	-	-	-	-
Equipment rental	-	6,203	-	-	-
Equipment repairs	-	-	-	-	10,821
Insurance	-	2,014	-	-	40,496
Health insurance	22,005	75,695	-	-	84,177
Workman's compensation	-	-	-	-	-
Rent	-	71,517	-	-	245,124
Salaries and wages	310,428	603,728	21,894	-	1,349,652
Deferred compensation	-	-	-	-	-
Retirement	9,081	16,635	-	-	35,240
Payroll taxes	22,116	48,427	-	-	108,366
Interest expense	-	-	-	-	-
Travel	-	50	-	-	-
Vehicle expense	-	7,428	-	-	2,473
Total expenses before depreciation	421,337	1,623,182	229,143	10,835	9,236,558
Depreciation	-	-	-	-	182,519
Total expenses, year ended December 31, 2024	<u>421,337</u>	<u>1,623,182</u>	<u>229,143</u>	<u>10,835</u>	<u>9,419,077</u>

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

PINNACLE FAMILY HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Program Services					Supporting Services	Totals
Prevention	ARP LAL	Dental Clinic	Broadway Cares	Total	Management and General Expense	2024
-	-	3	-	3	7,557	7,560
-	-	-	-	-	167,444	167,444
-	-	-	-	15,458	-	15,458
-	-	-	-	18,591	3,616	22,207
-	-	-	-	191,227	-	191,227
-	-	-	-	41,616	10,385	52,001
-	-	-	-	-	50,873	50,873
-	-	1,473	-	15,251	35,023	50,274
-	-	54,651	-	154,680	170,676	325,356
-	-	-	-	-	93,442	93,442
-	-	-	-	5,978	11,984	17,962
-	-	1,391	-	61,146	62,387	123,533
-	-	1,069	-	27,940	5,583	33,523
-	-	-	-	570,662	-	570,662
-	-	-	-	20,617	-	20,617
-	-	-	-	19,804	-	19,804
-	-	-	1,550	325,892	-	325,892
-	-	-	-	6,687,740	-	6,687,740
-	-	-	-	10,312	-	10,312
-	-	-	1,295	21,186	-	21,186
-	-	79,975	-	163,033	-	163,033
-	-	-	-	217,756	-	217,756
4,850	3,092	-	-	7,942	-	7,942
-	-	-	-	6,203	16,663	22,866
-	-	-	-	10,821	3,607	14,428
-	-	306	-	42,816	13,499	56,315
7,356	-	7,501	-	199,023	2,468	201,491
-	-	-	-	-	-	-
-	-	20,734	-	337,375	81,707	419,082
50,875	-	258,249	-	2,617,758	664,755	3,282,513
-	-	-	-	-	59,167	59,167
2,070	-	-	-	63,453	17,356	80,809
3,710	-	18,281	-	202,292	36,122	238,414
-	-	-	-	-	4,441	4,441
1,463	-	2,611	-	4,124	45,116	49,240
-	-	-	-	9,901	-	9,901
70,324	3,092	446,244	2,845	12,070,600	1,563,871	13,634,471
-	-	-	-	182,519	-	182,519
70,324	3,092	446,244	2,845	12,253,119	1,563,871	13,816,990

PINNACLE FAMILY HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				
	Part B Ryan White				
	Part C Ryan White	Medical / Related Services	TBRA	STRMU	Medical Clinic & 340B
Bank charges	-	-	-	-	-
Advertising	-	-	-	-	-
Continuing education	-	-	-	-	20,424
Cleaning	-	25,390	-	-	8,631
Contract labor	16,105	7,440	-	-	175,648
Dues and subscriptions	-	-	-	-	29,078
Building expenses	-	-	-	-	-
Miscellaneous	-	6	-	-	5,465
Office expense	-	50,676	-	-	36,190
Professional fees	-	-	-	-	-
Postage	-	10,806	-	-	-
Telephone and internet	-	30,853	-	-	18,483
Utilities	-	17,980	-	-	9,028
Direct assistance:					
Food	-	718,628	-	-	-
HIV Clinic	11,998	-	-	-	45
Dental	26,795	-	-	-	-
Housing	-	100,274	96,033	4,182	51
Medicine	-	-	-	-	5,475,975
Transportation	-	17,437	-	-	6,553
Utilities	-	19,185	1,928	453	-
Other	-	-	-	-	58,078
Medical expense	-	1,603	-	-	213,366
Educational materials	-	-	-	-	-
Equipment rental	-	6,886	-	-	33
Equipment repairs	-	-	-	-	-
Insurance	-	21,625	-	-	30,586
Health insurance	33,347	75,855	-	-	50,039
Workman's compensation	-	7,209	-	-	1,886
Rent	-	69,711	-	-	44,937
Salaries and wages	379,389	502,059	14,945	-	893,021
Deferred compensation	-	-	-	-	-
Retirement	10,488	13,741	-	-	33,946
Payroll taxes	32,782	41,168	1,819	-	66,825
Interest expense	-	-	-	-	-
Travel	-	324	-	-	-
Vehicle expense	-	10,177	-	-	16,282
Total expenses before depreciation	510,904	1,749,033	114,725	4,635	7,194,570
Depreciation	-	-	-	-	6,100
Total expenses, year ended December 31, 2023	<u>510,904</u>	<u>1,749,033</u>	<u>114,725</u>	<u>4,635</u>	<u>7,200,670</u>

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

PINNACLE FAMILY HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Program Services					Supporting Services	Totals
Prevention	ARP LAL	Dental Clinic	Broadway Cares	Total	Management and General Expense	2023
-	-	-	-	-	3,452	3,452
-	-	-	-	-	48,697	48,697
-	-	-	-	20,424	-	20,424
-	-	-	-	34,021	2,155	36,176
-	-	-	-	199,193	-	199,193
-	-	-	-	29,078	8,612	37,690
-	-	-	-	-	8,580	8,580
-	-	-	-	5,471	16,662	22,133
110	16,371	-	-	103,347	77,870	181,217
-	-	16,000	-	16,000	54,280	70,280
-	-	-	-	10,806	3,557	14,363
-	-	-	-	49,336	39,953	89,289
-	-	-	-	27,008	1,593	28,601
-	-	-	-	718,628	-	718,628
-	-	-	-	12,043	-	12,043
-	-	-	-	26,795	70	26,865
-	-	-	5,119	205,659	-	205,659
-	-	-	-	5,475,975	-	5,475,975
-	-	-	-	23,990	-	23,990
-	-	-	4,620	26,186	-	26,186
-	-	-	-	58,078	-	58,078
-	-	-	-	214,969	-	214,969
7,612	-	-	-	7,612	-	7,612
-	-	-	-	6,919	6,256	13,175
-	-	-	-	-	11,089	11,089
-	-	-	-	52,211	17,973	70,184
10,059	780	-	-	170,080	7,214	177,294
-	-	-	-	9,095	1,257	10,352
-	4,800	-	-	119,448	900	120,348
50,513	67,362	-	-	1,907,289	595,347	2,502,636
-	-	-	-	-	33,329	33,329
2,057	1,476	-	-	61,708	14,087	75,795
4,254	5,568	-	-	152,416	25,596	178,012
-	-	-	-	-	4,073	4,073
1,280	-	-	-	1,604	53,482	55,086
-	-	-	-	26,459	-	26,459
75,885	96,357	16,000	9,739	9,771,848	1,036,084	10,807,932
-	7,425	-	-	13,525	8,402	21,927
75,885	103,782	16,000	9,739	9,785,373	1,044,486	10,829,859

PINNACLE FAMILY HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	(653,298)	1,762,509
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
(Gain) on investments	(17,878)	(20,130)
Depreciation expense	182,519	21,927
<i>(Increase) decrease in:</i>		
Grants receivable	(254,657)	100,163
340B receivable	(294,257)	63,712
Medical services accounts receivable, net	(42,507)	(63,433)
Inventories	67,326	(60,724)
Prepaid expenses	(36,238)	-
<i>Increase (decrease) in:</i>		
Accounts payable	375,306	(85,428)
340B program overpayment liability	(655,579)	(76,221)
Accrued expenses	15,923	8,734
Deferred compensation liability	59,167	33,329
Net cash provided (used) by operating activities	<u>(1,254,173)</u>	<u>1,684,438</u>
Cash Flow From Investing Activities		
Proceeds from sale of investments	35,575	29,911
Purchase of investments	(31,482)	(27,976)
Purchases of property and equipment	(759,197)	-
Payments for tenant improvements in progress	-	(948,337)
Net cash used in investing activities	<u>(755,104)</u>	<u>(946,402)</u>
Cash Flow From Financing Activities		
Payment of long-term debt	<u>(8,098)</u>	<u>(7,081)</u>
Net cash used in financing activities	<u>(8,098)</u>	<u>(7,081)</u>
Net increase (decrease) in cash	(2,017,375)	730,955
Cash at beginning of year	<u>2,664,590</u>	<u>1,933,635</u>
Cash at end of year	<u><u>647,215</u></u>	<u><u>2,664,590</u></u>
Supplemental Disclosures		
Cash paid for interest	<u><u>4,441</u></u>	<u><u>4,073</u></u>

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

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Description of Organization

The mission of the Pinnacle Family Health, Inc. (Pinnacle) is to provide accessible, comprehensive, and high-quality healthcare, behavioral health, and support services for people in an affirming and inclusive setting, with a particular emphasis on people who are low-income and medically underserved, people who are LGBTQ+, and people living with HIV. Originally incorporated as Greater Ouachita Coalition Providing Aids Resources and Education, in anticipation of opening a new primary care clinic the organization changed its name to Pinnacle Family Health, Inc. in May 2022, to more accurately describe the breadth of services provided to the community.

2. Summary of Significant Accounting Policies

The accounting policies of Pinnacle conform to generally accepted accounting principles as applicable to not-for-profit organizations. The more significant accounting policies of Pinnacle are described below:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Basis of Presentation

The financial statements of Pinnacle have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Pinnacle to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Pinnacle. These net assets may be used at the discretion of Pinnacle's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Pinnacle or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Pinnacle currently has only net assets without donor restrictions.

Functional Expenses

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions, primarily personnel costs, are allocated on the basis of estimates of time and effort or other reasonable bases consistently applied.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Programs

Pinnacle's principal programs and primary funding sources are:

Federally Qualified Health Center Look-Alike (FQHC LAL)

Pinnacle has been designated as a Federally Qualified Health Center Look-Alike (FQHC LAL) by the Bureau of Primary Health Care (BPHC) of the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (DHHS) since November 01, 2019. The health center's current FQHC LAL designation period expires on 04/30/2027. The health center strives to provide affirming and inclusive care that is affordable and comprehensive for children and adults in Northeast Louisiana. Comprehensive healthcare services are provided to people spanning in age from pediatrics to geriatrics. Additionally, the health center has implemented a Sliding Fee Discount Program for individuals whose income is below 200% of the Federal Poverty Guidelines and who are uninsured or underinsured.

340B Drug Discount Program

Pinnacle is engaged in an agreement with Reliant Healthcare to stock prescription medications purchased at a discounted rate for the purpose of distribution to eligible patients of the health center. Pinnacle purchases the medications from wholesaler Morris and Dickson, and Reliant Healthcare holds and distributes them upon receipt of a valid medical provider's prescription. As compensation for the contract pharmacy services, the agreement stipulates that Pinnacle will pay Reliant a dispensing fee, plus a flat fee per prescription. The dispensing fee shall equal the sum of fifteen percent (15.00%) of the gross revenue generated (the total reimbursed amount including all co-payment and / or deductibles less applicable sales tax) plus a flat fee of \$10.00 per prescription.

Ryan White Part B HIV Care Grant Program

Supportive Services

The purpose of this program is to develop or enhance access to a comprehensive continuum of high-quality HIV care and treatment for low-income people living with HIV, with the goals of reducing HIV incidence, increasing access to care and optimizing health outcomes, and reducing HIV-related health disparities. Funding for this program is through the Louisiana Office of Public Health STD/HIV/Hepatitis Program.

Housing Opportunities for Persons with AIDS

The purpose of this program is to provide housing opportunities for low-income persons living with HIV in order to prevent homelessness, including Tenant-Based Rental Assistance (TRBA) and Short-term rent, Mortgage and Utility Assistance (STRMU). Funding for this program is through the Louisiana Office of Public Health STD/HIV/Hepatitis Program.

Ryan White Part C Early Intervention Services (HIV Medical Care) Grant Program

The purpose of this program is to support outpatient HIV early intervention services and ambulatory care for uninsured/underinsured individuals through Early Intervention Services (EIS). This program allows grant recipients to enhance response to the HIV epidemic in their area through the provision of comprehensive primary HIV medical care and support services. Funding for this program is through the HIV/AIDS Bureau of the Health Resources and Services Administration of the U.S. Department of Health and Human Services.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Ryan White Part D Services for Women, Infants, Children, and Youth Program

The purpose of this program is to provide outpatient family-centered primary and specialty medical care and support services. These services help low-income women, infants, children, and youth with HIV. Funding for this program is through a subrecipient agreement with CrescentCare in New Orleans, who receives grant funding through HIV/AIDS Bureau of the Health Resources and Services Administration of the U.S. Department of Health and Human Services.

HIV Prevention Grant Programs

The purpose of this program is to provide HIV testing, counseling, and prevention materials within Region 8. Funding for this program is through the Louisiana Office of Public Health STD/HIV/Hepatitis Program.

Cash and Cash Equivalents

Pinnacle considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Medical Services

Patient accounts receivable are reported at net realizable value. Pinnacle grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements, primarily with Medicare, Medicaid, and various commercial insurance companies. For receivables associated with services provided to patients who have third-party coverage, Pinnacle estimates net realizable value based on the estimated contractual reimbursement percentage, which in turn is based on current contract provisions and historical paid claims by payor. Pinnacle does not charge interest on past due accounts.

340B Program

The 340B Program receivable as of December 31, 2024 represents December remittances not received as of year-end. The December 31, 2023 receivable is the amount due from Morris & Dickson for excess drugs returned due to a billing error in November, 2023. This amount was used to offset purchases in 2024. Additionally, the error resulted in an overpayment to Pinnacle by Reliant Pharmacy. The total overpayment of \$655,579 is reflected in the financial statements as of December 31, 2023 as a current liability. The overpayment was repaid in 2024.

Investments

Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gain and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. Net investment return is reported net of external investment expense.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in that principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Pinnacle groups investments at fair value in up to three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Grants Receivable

Grants receivable represent amounts that have been expended for qualified purposes under various grant programs and are to be reimbursed in full by the grantor within the next twelve months.

Inventories

Food card and stock medication inventories are stated at cost, first-in, first-out basis.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally ranging from three to twenty years. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments. Property and equipment are composed of land, vehicles and leasehold improvements. Land was purchased in 2021 as the site of a new clinic building with construction planned for 2022. A different location was selected for the new clinic and the land is currently being held for investment.

	<u>2024</u>	<u>2023</u>
Land	220,000	220,000
Vehicles	67,623	67,623
Furniture and equipment	760,929	-
Leasehold improvements	<u>1,460,502</u>	<u>50,417</u>
Total fixed assets	2,509,054	338,040
Less-accumulated depreciation	<u>(272,847)</u>	<u>(90,328)</u>
Property and equipment, net	<u>2,236,207</u>	<u>247,712</u>

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Leases

Pinnacle determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also may include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less), if any. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue and Revenue Recognition

Net patient service revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, after contractual adjustments. Patient accounts receivable include charges for amounts due from Medicare, Medicaid, commercial insurers and self-pay patients. Contractual adjustments represent the differences between amounts billed as patient service revenue and amounts contracted with third party payors and are accrued on an estimated basis in the period in which the related services are rendered and adjusted in future periods as final settlements are determined.

Pinnacle grants credit without collateral to its patients, most of whom are local residents insured under third-party payor agreements. Accounts receivable are reported at their net realizable value from third-party payors, patients, and others for services rendered. Allowances (explicit price concessions) are provided for third-party payors based on estimated reimbursement rates. Allowances (implicit price concessions) are also provided for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Write-off of uncollectible accounts is determined on a case-by-case basis after the account is deemed uncollectible.

Contributions

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Government Grants and Contracts

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Under ASU 2018-08, these arrangements constitute contributions since the grantor does not receive commensurate value for the consideration received by Pinnacle; rather the purpose of an arrangement is for the benefit of the general public. Therefore, Pinnacle's management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Under ASU 2018-08, a refundable advance is recorded when Pinnacle receives assets in advance of the satisfaction of the conditions within these arrangements. At December 31, 2024 and 2023, the organization had not received any cost-reimbursable grants for which the qualifying expenditures have not yet been incurred.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Economic Dependency

Pinnacle receives approximately 20% of its support through federal government grant funding and approximately 70% from its 340B Drug Program. The continued yearly renewal of these grants and continuation of the 340B drug program are vital to the continuation of the entity.

Compensated Absences

Employees of Pinnacle are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. Pinnacle does not accumulate vacation or sick time. The estimate of the amount of compensation for future absences is immaterial and, accordingly, no liability has been recorded in the accompanying financial statements. Pinnacle's policy is to recognize the costs of compensated absences when paid to employees.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$167,444 and \$48,697 for the years ended December 31, 2024 and 2023, respectively.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

3. Liquidity and Availability

Pinnacle regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Pinnacle considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date as of December 31, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	647,215	2,664,590
Investments	169,714	155,929
Grants receivable	697,557	442,900
340B program receivable	870,355	576,098
Medical services accounts receivable, net	<u>150,934</u>	<u>108,427</u>
	<u>2,535,775</u>	<u>3,947,944</u>

As part of its liquidity management plan, Pinnacle invests cash in excess of current requirements in mutual funds and in a separate checking account used as a reserve account to provide funds to cover expenditures when grant payments are delayed. The majority of Pinnacle's expenditures are based on government grant funding so that the amount of expenditures is directly related to grant funding available.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

4. Investments

At December 31, 2024, investments are twenty-one publicly traded mutual funds, which consist of nine stock-based funds, six bond-based funds, five exchange traded products; and a money market fund. These investments are carried at fair value based on quoted prices in active markets on a trade-date basis and summarized as follows:

	<u>As of December 31, 2024</u>			<u>As of December 31, 2023</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds	<u>145,228</u>	<u>169,714</u>	<u>24,486</u>	<u>140,904</u>	<u>155,929</u>	<u>15,025</u>

The primary investment objectives are liquidity and preservation of principal, while also earning a competitive market rate of return. The investment return and its classification can be found in the statements of activities.

5. Fair Value Measurements

The fair values of assets measured on a recurring basis are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
December 31, 2024		
Marketable securities	<u>169,714</u>	<u>169,714</u>
December 31, 2023		
Marketable securities	<u>155,929</u>	<u>155,929</u>

6. Inventories

Inventories at December 31, consisted of the following:

	<u>2024</u>	<u>2023</u>
Stock medications inventory	<u>21,624</u>	<u>17,050</u>
Food card inventory	<u>10,400</u>	<u>82,300</u>
Total	<u>32,024</u>	<u>99,350</u>

7. Economic Injury Disaster Loan

Pinnacle received an Economic Injury Disaster Loan (EIDL) in the amount of \$150,000 on May 15, 2020, due to the effects of the COVID-19 pandemic. The loan is payable in 360 monthly installments of \$641 including interest at 2.75%, originally beginning in April 2022. The SBA extended the due date of the first payment to November 15, 2022, thirty months from the note date. Payments began in 2022 with all payments initially applied to accrued interest. The note is now being amortized. The note is collateralized by all tangible and intangible personal property of the organization.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Aggregate maturities of this loan as of December 31, 2024, are as follows:

2025	8,406
2026	8,640
2027	8,881
2028	9,128
2029	9,382
Thereafter	<u>90,384</u>
	<u>134,821</u>

8. Net Patient Service Revenue

During fiscal year 2020, Pinnacle adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, using the modified retrospective method (ASC 606). The overall impact of adoption was not material to the accompanying financial statements, with the primary changes related to presentation of certain information, as described below, and expanded disclosures related to revenue recognition principles, disaggregation of revenues and other matters.

As part of the adoption of ASC 606, Pinnacle elected certain available practical expedients under the standard. First, Pinnacle elected the practical expedient that allows nonrecognition of the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to Pinnacle's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. Any financing component is not deemed to be significant to the respective contracts. Additionally, Pinnacle has applied the practical expedient whereby all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that Pinnacle otherwise would have recognized is one year or less in duration.

Management has determined that Pinnacle has an unconditional right to payment only subject to the passage of time for services provided to date based on just the need to finalize billing for such services (i.e., charge lag) at the balance sheet date. Pinnacle provides outpatient services only so there is minimal lag time between the date services are provided and the billing date. Thus, management has determined that Pinnacle does not have any amounts that should be reflected separately as contract assets.

As a result of the adoption of ASC 606, estimated uncollectible amounts from patients that were previously presented as the provision for uncollectible accounts in the statements of activities are now considered implicit price concessions (as defined in ASC 606) and, therefore, included in net patient service revenue. Such implicit price concessions reflected in net patient service revenue in the accompanying financial statements for the year ended December 31, 2024 and 2023 were \$11,325 and \$14,637. Implicit price concessions are presented as a direct reduction of patient accounts receivable.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

9. Related Parties

Pinnacle Asset Holdings, LLC (Holdings) was organized in 2022 as a 501(c)(2) organization to purchase the property that was renovated for a new community health center facility which opened in early 2024. Renovations to the facility began in 2023 and the facility was leased to Pinnacle beginning April 1, 2024. Although Holdings has its own separate board of directors, Holdings and Pinnacle share a common officer. To date, Pinnacle has contributed \$1,410,085 toward construction costs which is included in leasehold improvements in the financial statements. Total rent paid by Pinnacle to Holdings was \$388,764 for the year ended December 31, 2024. Pinnacle has also guaranteed the notes payable with Homeland Bank that Holdings will incur related to the purchase and renovation of the facility building.

10. Financial Instruments

Concentrations of Credit Risk

Financial instruments that potentially expose Pinnacle to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. Pinnacle has not experienced any losses on its cash equivalents. Pinnacle's investments do not represent significant concentrations of market risk in as much as Pinnacle's investment portfolio is adequately diversified among issuers, industries, and geographic regions.

Collateralization Policy

Pinnacle does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

11. Income Taxes

Pinnacle is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code but must file an annual return with the Internal Revenue Service that contains information on its financial operations. Pinnacle is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, Pinnacle must assess whether it has any tax positions associated with unrelated business income subject to income tax. Pinnacle does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in Pinnacle's accounting records.

Pinnacle is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2021 and beyond remain subject to examination by the Internal Revenue Service.

12. Lease Expense

Effective April 1, 2024, Pinnacle signed a 3 year lease with a 3 year renewal option with Pinnacle Asset Holdings for a new clinic and office space. The monthly rent will be \$43,196 for the initial and renewal lease term.

The rental expense relative to this lease was \$388,764 for the year ended December 31, 2024.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Pinnacle leases five copy machines under operating leases expiring between 2025 and 2028.. The rental expense under these leases was \$22,866 and \$13,175 for the years ended December 31, 2024 and 2023, respectively, including charges for copies in excess of contract amounts. These leases are immaterial to the financial statements are not included in the presentation below.

	Year Ending December 31, 2024
Lease expense	
Finance lease expense	
Amortization of ROU assets	-
Interest on lease liabilities	-
Operating lease expense	388,764
Short-term lease expense	-
Variable lease expense	-
Sublease income	-
Total	388,764

Other Information

(Gains) losses on sale-leaseback transactions, net	-
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	-
Financing cash flows from finance leases (i.e. principal portion)	-
Operating cash flows from operating leases	388,764
ROU assets obtained in exchange for new finance lease liabilities	-
ROU assets obtained in exchange for new operating lease liabilities	2,731,379
Weighted-average remaining lease term in years for finance leases	-
Weighted-average remaining lease term in years for operating leases	5.25
Weighted-average discount rate for finance leases	0.00%
Weighted-average discount rate for operating leases	4.50%

Maturity Analysis

	Operating
2025-12	518,352
2026-12	518,352
2027-12	518,352
2028-12	518,352
2029-12	518,352
Thereafter	129,588
Total undiscounted cash flows	2,721,348
Less: present value discount	(292,517)
Total lease liabilities	2,428,831

13. Employee Benefits

In January, 2021, Pinnacle adopted the Acuff and Associates, Inc. Prototype 401(k) Profit-Sharing Plan. The plan covers all employees age 21 or older with one year of service. The Company contributes to the 401(k) plan an amount equal to 100% of the participant's elective deferral contribution up to 4% of compensation and may contribute additional amounts at the option of Pinnacle's Board of Directors. Contributions related to the plan for the year ended December 31, 2024 and 2023, were \$80,809 and \$75,795, respectively.

PINNACLE FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Effective July 1, 2022, Pinnacle adopted a Retention Incentive arrangement for the Chief Executive Officer under which, upon his departure in good standing from his position with Pinnacle, he will be paid the equivalent of one month's salary for each full year served as Chief Executive Officer, beginning on July 1, 2017. The liability for this arrangement as of December 31, 2024 and 2023, respectively, was \$196,667 and \$137,500 and is reflected in the financial statements as deferred compensation expense and liability.

Pinnacle also adopted a Section 162 Executive Bonus Plan for the Chief Executive Officer and Chief Financial Officer under which an annual bonus is paid to each in the form of a non-qualified deferred annuity. Both officers are immediately fully vested in the Bonus Plan.

14. Subsequent Events

Management evaluates events and transactions that occur after the balance sheet date but before the financial statements are made available. Management evaluated such events and transactions through May 16, 2025, the date for which financial statements were made available for distribution, and noted no significant subsequent events as of this date.

SUPPLEMENTARY INFORMATION

PINNACLE FAMILY HEALTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing Number	Expenditures
<u>United States Department of Health and Human Services</u>		
Passed Through Louisiana Office of Public Health:		
HIV Care Formula Grants	93.917	1,633,583
Housing Opportunities for Persons with AIDS	14.241	<u>239,978</u>
		1,873,561
 HIV Prevention Activities - Health Dept Based	 93.940	 70,324
 Received as Subrecipient via NO/AIDS Task Force dba CrescentCare: Ryan White Part D - Women, Infants and children	 93.153	 <u>27,040</u>
 Total Passthrough Awards		 <u>1,970,925</u>
<u>United States Department of Health and Human Services</u>		
Direct Programs:		
Ryan White Part C Outpatient EIS Program	93.918	<u>504,291</u>
		<u>504,291</u>
 Total Direct Awards		 <u>504,291</u>
 Total Federal Expenditures		 <u><u>2,475,216</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

PINNACLE FAMILY HEALTH, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pinnacle Family Health, Inc. under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pinnacle Family Health, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Pinnacle Family Health, Inc.

2. Summary of Significant Accounting Policies

- a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pinnacle Family Health, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

- 3. Pinnacle Family Health, Inc. did not expend any federal awards in the form of noncash assistance during the fiscal year. No federal awards were passed through to subrecipients.
- 4. Expenditures for HIV Care Formula Grants includes \$10,400 of food vouchers that were included in inventory at December 31, 2024.
- 5. Expenditures for Ryan White – Part C include \$82,954 of capital expenditures.

PINNACLE FAMILY HEALTH, INC.
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

Agency Head: Mark Windham

Salary and expense account	\$32,620
Bonus	0
Benefits-insurance	0
Benefits-retirement	0
Benefits – mileage reimbursement	0

Note: Pinnacle Family Health, Inc. is a nonprofit entity that receives public funds. Above is the portion of the agency head's compensation that was paid using public funds.

OTHER REPORTS



PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

Board of Directors
Pinnacle Family Health, Inc.
West Monroe, Louisiana

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pinnacle Family Health, Inc. (a nonprofit organization) as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise Pinnacle's basic financial statements, and have issued our report thereon dated May 16, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pinnacle's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
May 16, 2025



PREMIER PLAZA
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Board of Directors
Pinnacle Family Health, Inc.
West Monroe, Louisiana

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited Pinnacle Family Health, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pinnacle Family Health, Inc.'s major federal programs for the year ended December 31, 2024. Pinnacle Family Health, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pinnacle Family Health, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pinnacle Family Health, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pinnacle Family Health, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Pinnacle Family Health, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Report on Internal Control Over Compliance

Management of Pinnacle Family Health, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pinnacle Family Health, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pinnacle Family Health, Inc.'s internal control over compliance.

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

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

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

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
May 16, 2025

PINNACLE FAMILY HEALTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. Summary of Audit Results

1. The auditors' report expressed an unmodified opinion on the financial statements of the Pinnacle Family Health, Inc. (Pinnacle).
2. No material weaknesses or significant deficiencies in internal control relating to the audit of the financial statements are reported.
3. No instances of noncompliance were disclosed during the audit.
4. No material weaknesses in internal control over compliance relating to the audit of a major federal award program are reported.
5. The auditor's report on compliance for the major federal award programs for Pinnacle expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs for Pinnacle.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C)	93.918

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Pinnacle was determined to be a low-risk auditee.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

PINNACLE FAMILY HEALTH, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

Findings – Financial Statement Audit

None