NO/AIDS Task Force
doing business as
CrescentCare

Consolidated Financial Statements and
Independent Auditors' Reports

June 30, 2024 and 2023

ACCOUNTANTS | ADVISORS

NO/Aids Task Force
doing business as CrescentCare
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
NO/AIDS Task Force
doing business as CrescentCare
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NO/AIDS Task Force doing business as CrescentCare (the Organization), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 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* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Current Expected Credit Losses (CECL)

As discussed in Note 1 to the financial statements, in 2024 the Organization adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Current Expected Credit Losses (CECL)* (Topic 326). Our opinion is not modified with respect to this matter.

Emphasis of Matter – Restatement of 2023 Financial Statements

Net assets as of June 30, 2023, have been restated for the correction of a material misstatement related to 340B pharmacy liabilities. See Note 2 for the disclosure of the correction of the material misstatement.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information shown on pages 31 through 35, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of these consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of these consolidated 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 consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting, and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated 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 December 17, 2024, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

DZA PLLC

Spokane Valley, Washington
December 17, 2024

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Financial Position
June 30, 2024 and 2023

ASSETS	**2024**	**2023**
Current assets		
Cash and cash equivalents	**$ 13,907,850**	$ 11,287,594
Patient accounts receivable	**2,536,711**	1,648,906
Less allowance for credit loss	**(1,382,741)**	(311,708)
Patient accounts receivable, net	**1,153,970**	1,337,198
Other receivables:		
Grants	**5,329,574**	5,822,436
340B pharmacy	**3,416,397**	2,766,120
Prepaid expenses and other	**218,798**	122,341
Investments	**5,150,567**	4,658,399
Total current assets	**29,177,156**	25,994,088
Assets limited as to use		
Held by trustee for construction fund	**1,911,438**	11,890,978
Held by trustee for reserve fund	**501,960**	592,529
Total assets limited as to use	**2,413,398**	12,483,507
Noncurrent assets		
Investment in Housing Partnership	**400,107**	400,107
Receivable for 2515 Canal St. Project	**14,013,000**	14,013,000
Receivable for 1631 Elysian Fields Project	**14,027,240**	14,027,240
Property, buildings, and equipment, net	**31,971,354**	22,928,234
Total noncurrent assets	**60,411,701**	51,368,581
Total assets	**$ 92,002,255**	$ 89,846,176

LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	**$ 2,853,486**	$ 1,844,966
Construction accounts payable	**747,016**	1,673,281
Accrued compensation and related liabilities	**2,318,526**	1,779,154
Current maturities of long-term debt	**4,023,676**	3,040,880
Accrued interest	**35,151**	36,617
Total current liabilities	**9,977,855**	8,374,898
Noncurrent liabilities		
Long-term debt, less current portion	**53,563,270**	54,257,359
Total liabilities	**63,541,125**	62,632,257
Net assets without donor restrictions		
Controlling interest, restated	**27,958,906**	26,682,550
Noncontrolling interest	**502,224**	531,369
Total net assets without donor restrictions, restated	**28,461,130**	27,213,919
Total liabilities and net assets	**$ 92,002,255**	$ 89,846,176

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Patient service revenue	**$ 5,019,567**	$ 4,991,406
Grants	**21,624,691**	21,264,760
340B pharmacy	**45,002,610**	37,915,252
Investment return, net	**1,249,271**	727,181
Other	**1,033,128**	702,377
Total operating revenues	**73,929,267**	65,600,976
Operating expenses		
Salaries and wages	**17,991,043**	17,121,270
Payroll taxes and benefits	**5,516,329**	4,897,377
Professional fees	**766,415**	1,030,715
Medications	**27,495,863**	22,053,016
340B administration fees	**7,324,407**	6,048,223
Supplies	**1,025,676**	1,019,312
Contract medical providers	**589,226**	492,228
Dental referrals	**376,128**	568,983
Depreciation	**1,327,480**	1,755,789
Occupancy	**743,752**	609,957
Client assistance	**4,283,231**	4,311,969
Laboratory tests	**292,734**	254,303
Professional development and support	**168,980**	230,436
Property and operations	**1,096,934**	1,045,010
Insurance	**307,086**	254,506
Software, technology, and telephones	**1,375,139**	1,689,154
Interest	**1,298,183**	977,119
Advertising and outreach	**83,588**	118,055
Other	**619,862**	429,888
Total operating expenses	**72,682,056**	64,907,310
Operating income	**1,247,211**	693,666
Loss on disposal of equipment	**-**	(275,491)
Change in net assets without donor restrictions	**1,247,211**	418,175
Net assets without donor restrictions, beginning of year, restated	**27,213,919**	26,264,375
Member capital contributions - noncontrolling interest	**-**	531,369
Net assets without donor restrictions, end of year, restated	**$ 28,461,130**	$ 27,213,919

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended June 30, 2024 and 2023

	2024	2023 As Restated
Reconciliation of net assets:		
Controlling interest:		
Net assets, beginning of year	**$ 26,682,550**	$ 26,264,375
Change in net assets	**1,276,356**	418,175
Total controlling interest	**27,958,906**	26,682,550
Noncontrolling interest:		
Beginning of year	**531,369**	-
Member capital contributions - noncontrolling interest	-	531,369
Change in net assets	**(29,145)**	-
Total noncontrolling interest	**502,224**	531,369
Net assets, end of year	**$ 28,461,130**	$ 27,213,919

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Cash received from patient services	**$ 5,202,795**	$ 5,170,400
Cash received from grants	**22,117,553**	21,413,981
Cash received from 340B pharmacy	**44,352,333**	38,942,245
Cash received from investment return	**869,687**	471,074
Cash received from other revenue	**849,239**	518,488
Cash paid to or on behalf of employees	**(22,968,000)**	(21,910,332)
Cash paid for supplies and other expenses	**(45,454,535)**	(41,282,154)
Cash paid for interest	**(780,227)**	(716,702)
Net cash from operating activities	**4,188,845**	2,607,000
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of financing costs	**-**	28,203,709
Principal payments on long-term debt	**(229,249)**	(234,291)
Cash payments on line of credit	**-**	(3,251,209)
Cash received from members capital contributions	**-**	531,369
Net cash from financing activities	**(229,249)**	25,249,578
Cash flows from investing activities		
Proceeds from sale of investments	**-**	8,842,745
Purchase of notes receivable	**-**	(14,013,000)
Purchase of investments	**(112,584)**	(5,630,000)
Cash paid for property, buildings, and equipment	**(11,296,865)**	(2,457,815)
Net cash from investing activities	**(11,409,449)**	(13,258,070)
Net increase (decrease) in cash and cash equivalents	**(7,449,853)**	14,598,508
Cash and cash equivalents, beginning of year	**23,771,101**	9,172,593
Cash and cash equivalents, end of year	**$ 16,321,248**	$ 23,771,101

Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position

	2024	2023
Cash and cash equivalents	**$ 13,907,850**	$ 11,287,594
Cash and cash equivalents held by trustee for construction fund	**1,911,438**	11,890,978
Cash and cash equivalents held by trustee for reserve fund	**501,960**	592,529
Total cash and cash equivalents	**$ 16,321,248**	$ 23,771,101

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

		2024		2023
Reconciliation of Change in Net Assets Without Donor Restrictions to Net Cash From Operating Activities				
Change in net assets without donor restrictions	**$**	**1,247,211**	$	418,175
Adjustments to reconcile change in net assets without donor restrictions to net cash from operating activities				
Depreciation		**1,327,480**		1,755,789
Amortization of debt issuance costs		**517,956**		260,417
Unrealized gain on investments		**(379,584)**		(256,107)
Loss on disposal of equipment		**-**		275,491
(Increase) decrease in assets:				
Patient accounts receivable		**183,228**		178,994
Grants receivable		**492,862**		149,221
340B pharmacy receivable		**(650,277)**		970,896
Prepaid expenses and other		**(96,457)**		285,274
Increase (decrease) in liabilities:				
Accounts payable		**1,007,054**		(1,537,324)
Accrued compensation and related liabilities		**539,372**		106,174
Net cash from operating activities	**$**	**4,188,845**	$	2,607,000

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies:

a. Organization

NO/AIDS Task Force doing business as CrescentCare (the Organization) is a nonprofit organization. The Organization was founded in 1983 in response to the early devastating effects of the AIDS epidemic in the New Orleans area. The services provided grew organically in response to the needs of patients. In response to the community need for health care in post-Hurricane Katrina New Orleans, as well as the opportunities under the Affordable Care Act, the agency expanded its mission and services when it became a Federally Qualified Health Center (FQHC) in 2013. The Organization's mission is strengthening the entire community through whole-person healthcare and education. The Organization's vision is a community without barriers to care, where all people have the power to be healthy and whole. The Organization's values are inclusivity: it provides compassionate care for all, regardless of race and ethnicity, sexual orientation, gender identity, HIV status, housing and immigration status, income, language, cultural identity, and disability; representation: it reflects the communities served; and dignity: it honors the lived experience of clients and staff.

Related Organizations:

CrescentCare Holdings, Inc. – CrescentCare Holdings, Inc. (Holdings) was formed in April 2017 as a separate 501(c)(3) entity in order to facilitate the construction of a new 65,000 square foot facility at 1631 Elysian Fields in New Orleans, Louisiana. Financing for the facility was made possible using the New Markets Tax Credit program. Holdings is 100 percent owned by the Organization.

CrescentCare MidCity, LLC – CrescentCare MidCity, LLC (MidCity) was formed in June 2022 as a Louisiana limited liability company to own, rehabilitate, and finance the rehabilitation of property at 2515 Canal Street in New Orleans, Louisiana. Financing the rehabilitation is made possible using the New Markets Tax Credit program and Federal and State Historic Tax Credit programs. The property is a certified historic structure that is eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Internal Revenue Code (IRC) and must continue to be operated in a manner that qualifies for Federal Historic Tax Credits and State Historic Tax Credits through the end of the Historic Tax Credit periods. MidCity is 10 percent owned by CCMC Master Tenant, LLC and 90 percent owned by CCMC Managing Member, LLC.

CCMC Master Tenant, LLC – CCMC Master Tenant, LLC (Master Tenant) was formed in November 2022 as a Louisiana limited liability company organized as a Special Purpose Entity solely to acquire the leasehold interest in the Property and the Equipment owned by MidCity in order to sublease the property to the Organization and obtain long-term appreciation, cash income, and return of capital for the Members. Master Tenant is 1 percent owned by CCMC Managing Member, LLC and 99 percent owned by Chase Community Equity, LLC, the historic tax credit investor.

CCMC Managing Member, LLC – CCMC Managing Member, LLC (Managing Member) was formed in November 2022 as a Louisiana limited liability company to act as the managing member in the MidCity and Master Tenant companies and fulfill all duties and obligations in such capacity as required by the respective operating agreements of the companies. Managing Member is 100 percent owned by the Organization.

1. Organization and Summary of Significant Accounting Policies (continued):

a. Organization (continued)

The Organization's programs are as follows:

Education and prevention – CrescentCare Prevention Department uses data-driven interventions and evidence-based approaches targeting those at high risk for HIV infection, Hepatitis C (HCV), and other sexually transmitted infections (STI). The agency works closely with both the Louisiana Office of Public Health and the Center for Disease Control to ensure programs align with national best practices. In addition to the more traditional methods of prevention, education, outreach, HIV testing in community settings, promotion of risk reduction, and distribution of risk reduction materials, staff also focus on the new biomedical interventions PrEP (Pre- Exposure Prophylaxis), PEP (Post Exposure Prophylaxis), and TAP (Treatment as Prevention) with services to actively link clients to PrEP, PEP, and treatment. The agency provides many of its services in community settings and at nontraditional hours such as evenings and weekends.

Prevention staff provides HlV, HCV, and STI testing at satellite locations, as well as at community locations. One-on-one, client-centered linkage programs are available to ensure as many clients as possible are linked to appropriate services and treatment.

Primary medical care – The Organization operates two clinics that provide comprehensive medical care. Clinic services range from adult primary medical care, pediatrics, dental, and medical nutrition therapy. The Organization accepts most insurance plans and offers a sliding fee scale for those who meet the financial and household requirements. In calendar year 2023, the Organization performed 32,479 total visits for 11,737 medical patients.

Dental – The Organization offers comprehensive dental services. In calendar year 2023, the Organization performed 885 dental visits for 419 patients.

Case management – The Organization provides various levels of case management to all of its clients. The Organization provides case managers who connect clients with community resources.

Behavioral health – The Organization offers behavioral health counseling, substance use counseling, and psychiatry to any individual receiving medical care at a CrescentCare site. In calendar year 2023, the Organization performed 13,908 visits for 2,413 patients.

Clinic support – The Organization's Clinic Support assists medical professionals in a clinical setting, which includes setting patient appointments, collecting patient data and insurance information, gathering data for analysis and research, and providing any additional support required by clinics. The Organization also assists with insurance (and medical) co-payments for qualified individuals. Staff assist eligible clients in enrolling in pharmaceutical medication assistance programs for access to free or low-cost medications.

1. Organization and Summary of Significant Accounting Policies (continued):

a. Organization (continued)

Food for Friends – The Organization operates its Food for Friends program, which serves home-delivered meals to patients and provides a food pantry. The Organization works with a contractor to provide meals to HIV clients who are homebound due to their severe illness and have no other access to food. The Organization also started a food pantry service for those clients who are able to prepare their own meals but do not have the resources to meet their nutritional needs. These individuals are unable to afford the food and personal care items needed to help maintain their health.

Housing and housing support services – The Organization provides assistance to those living with HIV and who are chronically homeless to obtain acceptable and affordable housing. The Organization is funded to provide housing, case management, and support services to individuals living with HIV/AIDS in the Houma/Thibodeaux area.

Mental Health Rehabilitation Program – The Mental Health Rehabilitation Program assists persons with significant disabilities to obtain and maintain housing in the community. Individuals are case-managed, and support is tailored to each one's needs.

340B pharmacy – The Organization is a covered entity in the U.S. Department of Health and Human Services, Health Resources and Services Administration, Office of Pharmacy Affairs and participates in the 340B Drug Pricing Program (340B program) whereby medications are purchased by a qualified third-party pharmacy company for the Organization clients at a discounted price, resulting in revenue for the Organization based on these savings. The Organization contracts with several local pharmacies for the 340B program. The intent of the 340B program is to permit the covered entity to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.

Legal services – The Organization Legal Services provides civil legal assistance to income-eligible persons in Louisiana with legal issues involving matters related to or arising from their HIV status. Persons living with HIV/AIDS face a variety of problems requiring the assistance of legal professionals with experience in various areas of the law. Practice areas include personal and estate planning, simple successions, securing public benefits, protection of privacy, discrimination, consumer protection defense, and free notarial services.

b. Summary of Significant Accounting Policies

Basis of presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Organization is required to report information regarding its financial position and operations according to two classes of net assets: with donor restrictions and without donor restrictions.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid investments with an original maturity of three months or less.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Property, buildings, and equipment – Property, buildings, and equipment are recorded at cost. The Organization capitalizes all expenditures for equipment in excess of $5,000; the fair value of donated assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the term of the related lease. Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using appraisals. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recorded by management during the years ended June 30, 2024 and 2023.

Depreciation has been computed on the straight-line method over the following estimated useful service lives:

Buildings and improvements	2 to 40 years
Furniture and equipment	3 to 20 years

Donated property and equipment – Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Investments and related returns – Investments in marketable securities with readily determinable fair values are reported at their fair value based on available market quotes in the consolidated statements of financial position and as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or law. Dividends, interest, and realized and unrealized gains and losses that are restricted by donors are reported as increases in net assets with donor restrictions.

Dividends, interest, and realized and unrealized gains and losses absent restriction are reported as increases and decreases in net assets without donor restrictions. All components of investment returns, including related expenses, are reported as investment return, net in the accompanying consolidated statements of operations and changes in net assets.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Investment in Housing partnership – In June 2013, the Organization invested $250,000 in GCHP-Claiborne MM, LLC (Investee), a limited liability company which is the managing member of GCHP-Claiborne, LLC, an entity which owns a housing development created using a Low-Income Housing Tax Credit (LIHTC) project. The primary owner of Investee is a nonprofit community housing developer who builds housing units serving a client population consistent with the Organization's mission. The Organization's 21 percent interest in the Investee is being accounted for as an equity method investment, whereby the Organization recognizes 21 percent of the Investee's change in net assets in the accompanying consolidated statements of operations and changes in net assets, and the investment balance itself reflects 21 percent of the Investee's net assets in the accompanying consolidated statements of financial position.

The development was completed and began operations in August 2014. At the end of the compliance period for the LIHTC (15 years), the Organization has a right of first refusal and option to purchase the development at the higher of fair market value, or an amount which approximates pay off of existing debt at the date of purchase. During 2024, the Organization did not make any changes to investment in subsidiary.

Contributions – Contributions received are reflected as net assets with or without donor restrictions, depending on the existence and/or nature of the donor restrictions.

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 the support is recognized. All other donor-restricted support is reported as net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. As of June 30, 2024 and 2023, the Organization's net assets with donor restrictions were not material to the consolidated financial statements.

Federal income tax – The Organization and Holdings are exempt from federal income taxes under Section 501(c)(3) of the IRC. Accordingly, no provision for income tax is necessary. The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2024 and 2023, the Organization had no uncertain tax positions requiring accrual.

MidCity and Master Tenant are not subject to income taxes. Income or loss from MidCity and Master Tenant is reported on the returns of the individual members. Management believes that they have adequately addressed all relevant tax positions and there are no unrecorded tax liabilities. Generally, MidCity and Master Tenant's tax returns remain open for three years for federal tax examination.

Deferred financing costs – Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method. The amount is reported as a reduction of long-term debt on the consolidated statements of financial position. Amortization of deferred financing costs is included in interest expense in the consolidated financial statements.

Assets limited as to use – Assets limited as to use include cash deposits held by trustees in construction funds and reserve funds relating to long-term debt.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Upcoming accounting pronouncement – Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

Change in accounting principles – In June 2016, the FASB issued guidance (FASB ASC 326) which changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that were subject to the guidance in FASB ASC 326 were patient accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption primarily resulted in new and enhanced disclosures only.

Performance indicator – The consolidated statements of operations and changes in net assets include a performance indicator as required by U.S. generally accepted accounting principles. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include restricted grants and contributions, unrealized gains and losses on other than trading debt securities, the releases of restrictions for capital items, and gains and losses on disposal of equipment.

Reclassifications **–** Certain amounts have been reclassified in the 2023 consolidated financial statements in order to be consistent with the 2024 consolidated financial statements presentation. Those reclassifications had no effect on the previously reported change in net assets without donor restrictions.

Subsequent events – Subsequent events have been reviewed through December 17, 2024, the date on which the consolidated financial statements were available to be issued.

2. Prior Period Adjustment:

The Organization has restated its financial statements as of and for the year ended June 30, 2023, for the correction of an error. The Organization previously recorded payables to the 340B pharmacies that were duplicated in accounts payable. As a result, the Organization's net assets have been restated and increased by $1,636,576 to reflect these changes.

The effect of the restatement is as follows:

Net assets at June 30, 2023, as previously reported	$	25,577,343
Adjustment to beginning net assets		1,692,672
Adjustment to accounts payable		(56,096)
Net assets at June 30, 2023, as restated	**$**	**27,213,919**

Change in net assets without donor restrictions for the year ended June 30, 2023, as previously reported	$	474,271
Adjustment to 340B pharmacy revenue		(56,096)
Change in net assets without donor restrictions for the year ended June 30, 2022, as restated	**$**	**418,175**

3. Liquidity and Availability of Financial Assets:

The Organization's financial assets available within one year of the consolidated statements of financial position to meet cash needs for general expenditures are as follows:

		2024		2023
Cash and cash equivalents	**$**	**13,907,850**	$	11,287,594
Patient accounts receivable		**1,153,970**		1,337,198
Grants receivable		**5,329,574**		5,822,436
340B pharmacy receivables		**3,416,397**		2,766,120
Investments		**5,150,567**		4,658,399
Financial assets available to meet cash needs for general expenditures within one year	**$**	**28,958,358**	$	25,871,747

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statements of financial position. As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a line of credit which it may draw upon; see Note 11.

4. Patient Accounts Receivable:

The Organization operates in the healthcare industry, and patient accounts receivables are primarily derived from Medicare, Medicaid, commercial insurance, and uninsured patients. At each statement of financial position date, the entity recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the patient accounts receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for credit losses estimate is derived from a review of the Organization's historical losses based on the aging of patient accounts receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the entity. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses, as the entity's payor mix has remained reasonably consistent from year to year.

The Organization writes off patient accounts receivables when there is information that indicates the patient is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election.

The allowance for credit losses for patient accounts receivable and the related activity are as follows:

		2024
Beginning balance	**$**	**(311,708)**
Provision for credit losses		**(1,095,626)**
Writeoffs		**24,593**
Ending balance	**$**	**(1,382,741)**

Patient accounts receivable reported as current assets by the Organization consisted of these amounts:

		2024		**2023**
Receivables from Medicare	**$**	**273,102**	$	182,469
Receivables from Medicaid		**475,274**		667,891
Receivables from patients and their insurance carriers		**1,788,335**		798,546
Less allowance for credit losses		**(1,382,741)**		(311,708)
Total patient accounts receivable	**$**	**1,153,970**	$	1,337,198

5. Contract Balances:

Opening and closing balances of contract receivables were as follows:

	2024	2023	2022
Patient accounts	**$ 1,153,970**	$ 1,337,198	$ 1,516,192
340B pharmacy	**3,416,397**	2,766,120	3,737,016
Receivable for 2515 Canal St. Project	**14,013,000**	14,013,000	-
Receivable for 1631 Elysian Fields Project	**14,027,240**	14,027,240	14,027,240
Total contract receivables	**$ 32,610,607**	$ 32,143,558	$ 19,280,448

6. Investments:

The Organization's investments in marketable securities are stated at fair value and consisted of the following balances:

	2024	2023
Money market	**$ 90,998**	$ 259,986
Certificates of deposit	**1,938,002**	2,235,973
Domestic equities	**1,071,833**	1,040,511
International equities	**469,424**	310,762
Mutual funds		
Equity funds	**991,165**	811,167
Open end bond funds	**589,145**	-
	$ 5,150,567	$ 4,658,399

At June 30, 2024, the Organization's certificates of deposit included maturities of $585,177 within one year and $1,352,825 between one and two years. At June 30, 2023, the Organization's certificates of deposit included maturities of $2,235,973 within one year.

7. Fair Value Measurements:

The three levels of the fair value hierarchy are described as follows:

- **Level 1:** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- **Level 2:** Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
- **Level 3:** Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Investments in marketable securities are stated at fair value, which is determined by using market quotations and other information available at the valuation date.

The following tables disclose, by level within the fair value hierarchy, the Organization's assets and liabilities measured and reported on the consolidated statements of financial position at fair value on a recurring basis as of the following dates:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market	$ 90,998	$ -	$ -	**$ 90,998**
Certificates of deposit	1,938,002	-	-	**1,938,002**
Domestic equities	1,071,833	-	-	**1,071,833**
International equities	469,424	-	-	**469,424**
Mutual funds				
Equity funds	991,165	-	-	**991,165**
Open end funds	589,145	-	-	**589,145**
	$ 5,150,567	**$ -**	**$ -**	**$ 5,150,567**

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market	$ 259,986	$ -	$ -	**$ 259,986**
Certificates of deposit	2,235,973	-	-	**2,235,973**
Domestic equities	1,040,511	-	-	**1,040,511**
International equities	310,762	-	-	**310,762**
Mutual funds				
Equity funds	811,167	-	-	**811,167**
	$ 4,658,399	**$ -**	**$ -**	**$ 4,658,399**

8. Property, Buildings, and Equipment:

A summary of property, buildings, and equipment is as follows:

	2024	2023
Land	**$ 2,146,982**	$ 1,987,538
Buildings and improvements	**33,457,193**	17,946,753
Furniture and equipment	**4,937,669**	3,516,752
	40,541,844	23,451,043
Less accumulated depreciation	**8,570,490**	7,266,483
Construction in progress	**-**	6,743,674
Property, buildings, and equipment, net	**$ 31,971,354**	$ 22,928,234

9. Patient Service Revenue:

Patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the clinic receiving medical, dental, or behavioral health services. The Organization measures the performance obligation from the commencement of a service to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients and customers in a retail setting (for example, pharmaceuticals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

9. Patient Service Revenue (continued):

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- ***Medicare*** – Services rendered to Medicare program beneficiaries are paid at federally qualified health organizations prospectively determined rates.
- ***Medicaid*** – Services rendered to Medicaid program beneficiaries are paid at a prospectively determined rate.
- ***Other*** – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per encounter, and discounts from established charges.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

9. Patient Service Revenue (continued):

The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and explicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided explicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The explicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

Explicit price concessions provided to patients who are financially unable to pay for the healthcare services they received were approximately $772,000 and $710,000 for the years ended June 30, 2024 and 2023, respectively. The Organization determines the costs associated with providing this care by aggregating direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on its costing system. The costs for providing healthcare to patients who are financially unable to pay for the healthcare services they receive were approximately $905,000 and $829,000 for the years ended June 30, 2024 and 2023, respectively.

Implicit price concessions provided to patients other than those unable to pay for the healthcare services they received were approximately $1,095,000 and $311,000 for the years ended June 30, 2024 and 2023, respectively.

Patients who meet the Organization's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, methods of reimbursement, and timing of when revenue is recognized.

The composition of patient service revenue by primary payor is as follows:

	2024	2023
Medicare	**$ 438,120**	$ 575,382
Medicaid	**3,125,850**	2,430,933
Patients and their insurance carriers	**1,455,597**	1,985,091
Patient service revenue	**$ 5,019,567**	$ 4,991,406

9. Patient Service Revenue (continued):

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor.

The composition of patient care service revenue and 340B pharmacy revenue based on the timing of revenue recognition follows:

	2024	2023
Timing of revenue and recognition:		
Healthcare services transferred over time	**$ 5,019,567**	$ 4,991,406
340B pharmacy sales at a point in time	**45,002,610**	37,915,252
	$ 50,022,177	$ 42,906,658

10. New Markets Tax Credit Program:

Holdings and MidCity participate in the New Markets Tax Credit (NMTC) program. NMTC programs were established as part of the Community Renewal Tax Relief Act of 2000. The goal of the NMTC program is to spur revitalizations efforts of low-income and impoverished communities across the United States by providing tax credit incentives to investors in certified community development activities. The tax credit for investors equals 39 percent of the investment, and investors receive the tax credit over a seven-year NMTC compliance period. A community development entity (CDE) is required to participate and has the primary mission of providing financing for the revitalization projects in low-income communities.

Receivable for 1631 Elysian Fields Project:

As part of the 1631 Elysian Fields Project, the Organization loaned approximately $14,000,000 to Chase NMTC CrescentCare Investment Fund (Chase NMTC) (not related to the Organization or related organizations). Chase NMTC used the loan proceeds (and other funding) to make equity investments in CNMC SUB-CDE 151, PCDC Health Opportunities Fund XVII LLC, and Hope New Markets 7, LLC, which in turn loaned funds to Holdings. The loan to Chase NMTC has been recorded as a receivable for 1631 Elysian Fields Project in the accompanying consolidated statements of financial position.

Receivable for 2515 Canal St. Project:

As part of the 2515 Canal St. Project, the Organization loaned approximately $14,000,000 to COCRF Investor 244, LLC (not related to the Organization or related organizations). COCRF Investor 244, LLC used the loan proceeds (and other funding) to make equity investments in COCRF SubCDE 126, LLC, GCHP-NMTC-2020 Number 2, LLC, and Hope New Markets 21, LLC, which in turn loaned funds to MidCity, see Note 12. The loan to COCRF Investor 224, LLC has been recorded as a receivable for 2515 Canal St. Project in the accompanying consolidated statements of financial position.

11. Line of Credit:

The Organization has a secured line of credit with its investment brokerage institution. The secured line of credit has a maximum borrowing of up to $5,200,000 as of June 30, 2024 and 2023, and is secured by the Organization's investments portfolio. For the years ended June 30, 2024 and 2023, the secured line of credit had a balance of $-0- and carried an interest rate of 6.86 percent and 6.66 percent, respectively.

12. Long-term Debt:

A summary of long-term debt follows:

	2024	2023
CNMC SUB-CDE 151 note payable, 1.0% interest only due quarterly until June 2024. Quarterly payments of $36,546, including interest of 1.0% begin September 2024 and continue through June 2047.	**$ 3,000,000**	$ 3,000,000
PCDC Health Opportunities Fund XVII LLC note payable, 1.0% interest only due quarterly until June 2024. Quarterly payments of $118,159, including interest of 1.0% begin September 2024 and continue through June 2047.	**9,700,000**	9,700,000
Hope New Markets 7, LLC note payable, 1.0% interest only due quarterly until June 2024. Quarterly payments of $91,527, including interest of 1.0% begin September 2024 and continue through June 2047.	**7,760,000**	7,760,000
National Cooperative Bank, N.A. note payable, due in monthly installments of $53,530, including interest of 4.94%, with a balloon payment of $6,895,330 due in January 2032.	**8,747,700**	8,945,299
Hope Federal Credit Union note payable, 6.0% interest only due monthly until December 2023. Monthly payments of $23,982, including interest of 6.0% beginning January 2024 with a balloon payment of $3,656,756 plus accrued interest due in December 2029.	**4,000,000**	4,000,000
Hope Federal Credit Union note payable, 5.0% interest only due monthly until February 2024. Balloon payment of $2,926,591, plus accrued interest that was due in March 2024. No notice of default has been received from the lender.	**2,926,591**	2,926,591
Enterprise Community Loan Fund, Inc. note payable, 4.4% interest only due monthly until December 2023. Monthly payments of $12,348, including interest of 4.4% beginning January 2024 with a balloon payment of $2,153,939 plus accrued interest due in December 2029.	**2,401,571**	2,500,000

12. Long-term Debt (continued):

	2024	2023
Erich and Hannah Sachs Foundation note payable, 4.5% interest only due semi-annually with a balloon payment of $1,000,000 due in December 2025.	**$ 1,000,000**	$ 1,000,000
Gulf Coast Housing Partnership, Inc. note payable, 0.0% interest due in annual payments of $100. Balloon payment of the remaining principal is due at maturity. The original maturity date of January 2053 automatically extends every five years as long as no default has occurred.	**799,900**	800,000
Hope New Markets 21, LLC note payable, 1.5% interest only due quarterly until September 2029. Balloon payment of $4,000,000, plus accrued interest due in December 2029.	**4,000,000**	4,000,000
Hope New Markets 21, LLC note payable, 1.5% interest only due quarterly until December 2029. Quarterly payments of $23,022, including interest of 1.5% begin March 2030 and continue through December 2052.	**1,820,000**	1,820,000
GCHP-NMTC-2020 Number 2, LLC note payable, 1.5% interest only due quarterly until September 2029. Balloon payment of $1,612,184, plus accrued interest due in December 2029.	**1,612,184**	1,612,184
GCHP-NMTC-2020 Number 2, LLC note payable, 1.5% interest only due quarterly until December 2029. Quarterly payments of $91,623, including interest of 1.5% begin March 2030 and continue through December 2052.	**7,117,816**	7,117,816
COCRF SubCDE 126, LLC note payable, 1.0% interest only due quarterly until September 2029. Balloon payment of $887,816, plus accrued interest due in December 2029.	**887,816**	887,816
COCRF SubCDE 126, LLC note payable, 1.0% interest only due quarterly until December 2029. Quarterly payments of $50,091, including interest of 1.0% begin March 2030 and continue through December 2052.	**4,112,184**	4,112,184
Finance lease obligations to various payors for equipment, payable in monthly installments ranging from $473 to $6,534 including interest of 2.3%-5%.	**31,174**	62,822
Deferred finance costs	**(2,329,990)**	(2,946,473)
	57,586,946	57,298,239
Less current maturities	**4,023,676**	3,040,880
Total long-term debt	**$ 53,563,270**	$ 54,257,359

12. Long-term Debt (continued):

During the year ended June 30, 2018, the Organization obtained a loan totaling $10,000,000 from Primary Care Development Corporation. This loan was used to partially finance the loan made to Chase NMTC as part of the 1631 Elysian Fields Project, as described in Note 10. During December 2021, the Organization refinanced the outstanding principal with National Cooperative Bank, N.A. The new loan matures in January 2032 and carries a 4.94 percent interest rate.

In January 2023, the Organization obtained loans of $6,929,591 from Hope Federal Credit Union, $2,500,000 from Enterprise Community Loan Fund, Inc., $1,000,000 from the Erich and Hannah Sachs Foundations and $800,000 from Gulf Coast Housing Partnership, Inc. These loans were used to partially finance the loan made to COCRF Investor 244, LLC as part of the 2515 Canal St. Project, as described in Note 10. The Organization has entered into an agreement to sell all state historic tax credits earned from the rehabilitation of the 2515 Canal St. Project. Proceeds from the sale will be applied directly to the balloon payment of $2,926,591 that was due in March 2024. Due to delays in completion of the project, the tax credit sale and payment were not completed as of June 30, 2024. No notice of default has been received from the lender.

As explained in Note 10, Holdings and MidCity participate in the NMTC program.

Holdings NMTC:

Under the NMTC program, Holdings has obtained loans of $7,760,000, $9,700,000, and $3,000,000 payable to certified community development entities (CDE) (the Agreements). Quarterly payments of interest are required for the first seven years. Beginning September 1, 2024, principal and interest payments will be due in quarterly installments through the maturity date. The stated interest rate is 1 percent, and the loans mature in June 2047. These loans are secured by the property and equipment and other assets of Holdings and the Organization, and are also subject to certain financial and other covenants as specified under the agreements. The Agreements were structured as 30-year debt financing with a seven-year NMTC compliance period. At the end of the seven-year compliance period, the Organization will have the option to acquire all membership rights of the investment fund and forgive the related debt.

MidCity NMTC:

Through the NMTC program, MidCity has obtained loans of $5,000,000, $8,730,000, and $5,820,000 payable to certified community development entities (CDE) (the Loans). Quarterly payments of interest are required for the first seven years with balloon payments totaling $6,500,000 plus accrued interest due in December 2029. Principal and interest payments on the remaining $13,050,000 begin in March 2030, and will be due in quarterly installments through the maturity dates. The Loans have stated interest rates from 1 percent to 1.5 percent and mature in December 2052. These loans are secured by the property and equipment and other assets of MidCity and the Organization, and are also subject to certain financial and other covenants, as specified under the agreements. The agreements were structured as 30-year debt financing with a seven-year NMTC compliance period. At the end of the seven-year compliance period, the Organization will have the option to acquire all membership rights of the investment fund and forgive the remaining debt.

12. Long-term Debt (continued):

Future maturities of long-term debt are:

Years Ending June 30,		Total
2025	$	4,023,676
2026		2,127,473
2027		1,145,167
2028		1,169,365
2029		1,197,253
Thereafter		50,254,000
		59,916,934
Deferred financing costs		(2,329,988)
	$	**57,586,946**

Total interest costs for the years ended June 30, 2024 and 2023, were approximately $1,298,000 and $1,114,000, respectively, of which approximately $277,000 and $137,000, respectively, was capitalized.

13. Retirement Plan:

The Organization offers a defined contribution 401(k) plan (the Plan) to its employees. Eligibility into the Plan is allowed after a six-month waiting period, with entry dates of January 1 and July 1 of each year. The Organzation makes a qualified matching contribution and a nonelective profit-sharing contribution for eligible employees. The Organization matching contribution was 100 percent of the first 1 percent of compensation that an employee defers, plus 50 percent of the next 5 percent for the years ended June 30, 2024 and 2023. The nonelective profit-sharing contribution was 1.5 percent of compensation for eligible employees for 2024 and 2023. Contributions to the Plan were approximately $671,000 and $625,000 for the years ended June 30, 2024 and 2023, respectively.

14. Commitments and Contingencies:

Medical malpractice claims – The Organization receives professional liability insurance under the Federal Tort Claims Act at no cost through the Department of Health and Human Services. The term of the coverage is by project period and all claims, if any, are 100 percent covered. The policy provides protection on an "occurrence" basis, whereby only malpractice claims that occur during the period that the insurance is in effect are covered. No liability has been accrued for future coverage for acts occurring in this year. In addition, the Organzation maintains supplemental gap insurance for professional liability.

Litigation, claims, and disputes – The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Organization.

14. Commitments and Contingencies (continued):

Conditional grants and contracts – At June 30, 2024, the Organization had remaining available award balances on federal conditional grants and contracts for sponsored projects of approximately $9,500,000. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Self-insurance – As of January 1, 2024, the Organization self-insures for its healthcare benefits provided to its employees. Employee medical claims are paid by the Organization through third-party plan administrators. Employees file their claims with the administrators. The administrators pay the claims out and are reimbursed by the Organization. Expenses for self-insured healthcare benefits coverage totaled approximately $1,570,000 for the year ended June 30, 2024. The Organization accrued a liability of approximately $571,000 at June 30, 2024, for estimated claims incurred prior to year end and filed with the administrators after year end. The Organization has stop-loss insurance coverage of $100,000 per individual during the calendar year.

15. Concentration of Risk:

Grants – Grants received require the fulfillment of certain conditions as set forth in the grant instruments. The Organization intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. The Organization, by accepting the grants and their terms, has agreed to the conditions of the donors.

Grants and government support represented approximately 29 percent and 32 percent of the Organization's total support and revenue for fiscal 2024 and 2023, respectively.

Cash and cash equivalents – The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Patient accounts receivable – The Organization grants credit without collateral to its patients, most of whom are local residents. The majority of these patients are geographically concentrated in and around New Orleans, Louisiana.

The mix of patient receivables was as follows:

	2024	2023
Medicare	**16 %**	19 %
Medicaid	**25**	43
Other third-party payors	**24**	26
Patients	**35**	12
	100 %	100 %

16. Functional Expenses:

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying consolidated statements of operations and changes in net assets. Accordingly, certain costs such as occupancy, telephone, and supplies have been allocated among the various programs and supporting services on the basis of an agency approved cost allocation plan.

Expenses related to providing these services were as follows for the year ended June 30, 2024:

		Supporting Services		
	Program Total	**Management and General**	**Fundraising**	**Total Expenses**
Salaries and wages	$ 15,366,539	$ 2,567,403	$ 57,101	$ 17,991,043
Payroll taxes and benefits	4,752,596	754,808	8,925	5,516,329
Professional fees	330,169	426,196	10,050	766,415
Medications	27,495,863	-	-	27,495,863
340B administration fees	7,324,407	-	-	7,324,407
Supplies	980,123	45,485	68	1,025,676
Contract medical providers	589,226	-	-	589,226
Dental referrals	376,128	-	-	376,128
Depreciation	1,089,452	234,313	3,715	1,327,480
Occupancy	475,063	267,051	1,638	743,752
Client assistance	4,283,002	229	-	4,283,231
Lab tests	292,734	-	-	292,734
Professional development and support	97,940	55,045	15,995	168,980
Property and operations	914,408	179,479	3,047	1,096,934
Insurance	186,203	120,883	-	307,086
Software, technology, and telephones	1,293,298	77,977	3,864	1,375,139
Interest	1,108,807	185,256	4,120	1,298,183
Advertising and outreach	70,210	4,034	9,344	83,588
Other	119,421	498,814	1,627	619,862
Total expenses	**$ 67,145,589**	**$ 5,416,973**	**$ 119,494**	**$ 72,682,056**

Expenses related to providing these services were as follows for the year ended June 30, 2023:

16. Functional Expenses (continued):

		Supporting Services		
	Program Total	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 14,282,811	$ 2,828,623	$ 9,836	$ 17,121,270
Payroll taxes and benefits	4,092,670	799,332	5,375	4,897,377
Professional fees	629,790	400,062	863	1,030,715
Medications	22,053,016	-	-	22,053,016
340B administration fees	6,048,223	-	-	6,048,223
Supplies	1,003,232	16,056	24	1,019,312
Contract medical providers	492,228	-	-	492,228
Dental referrals	568,983	-	-	568,983
Depreciation	1,468,003	285,481	2,305	1,755,789
Occupancy	534,477	73,512	1,968	609,957
Client assistance	4,310,148	1,821	-	4,311,969
Lab tests	254,303	-	-	254,303
Professional development and support	131,564	98,817	55	230,436
Property and operations	872,924	169,266	2,820	1,045,010
Insurance	218,663	35,063	780	254,506
Software, technology, and telephones	1,297,942	388,208	3,004	1,689,154
Interest	815,127	161,431	561	977,119
Advertising and outreach	85,855	12,307	19,893	118,055
Other	132,785	293,013	4,090	429,888
Total expenses	**$ 59,292,744**	**$ 5,562,992**	**$ 51,574**	**$ 64,907,310**

17. Intercompany Transactions:

The Organization and Holdings entered into a lease agreement in which the Organization rents a facility from Holdings for $277,313 per year from January 1, 2019, through December 31, 2023, increasing to $610,359 for the year ended December 31, 2024, then to $1,076,625 per year from January 1, 2025, through December 31, 2046, and decreasing to $628,031 for the year ending December 31, 2047. The operating lease results in an estimated right of use (ROU) asset and an intercompany lease liability of $22,024,000 at June 30, 2024. The operating lease ROU asset and liability are eliminated on the consolidated statements of financial position and the related payments between the Organization and Holdings are eliminated on the consolidated statements of operations and changes in net assets.

Master Tenant and MidCity entered into lease agreements in which Master Tenant rents a facility and equipment from MidCity. The property lease commenced on June 1, 2024, and has a term of 32 years from the commencement date. Annual lease payments range from $230,743 to $2,230,354 and are due quarterly based on the rent schedule as provided in the lease agreement. The equipment leases commenced on June 1, 2024, and have terms of 15 years from the commencement date. Annual lease payments range from $33,000 to $34,000 and are due quarterly based on the rent schedule as provided in the lease agreements. The operating leases results in estimated ROU assets and intercompany lease liabilities of $16,408,000 at June 30, 2024. The operating lease ROU asset and liability are eliminated on the consolidated statements of financial position and the related payments between Master Tenant and MidCity are eliminated on the consolidated statements of operations and changes in net assets.

17. Intercompany Transactions (continued)

The Organization and Master Tenant entered into a sublease agreement in which the Organization rents the facility and equipment from Master Tenant. The sublease commenced on June 1, 2024, and has a term of 15 years from the commencement date. Annual lease payments range from $315,000 to $1,667,508 and are due quarterly based on the rent schedule, as provided in the lease agreement. The operating lease results in an estimated ROU asset and an intercompany lease liability of $9,166,000 at June 30, 2024. The operating lease ROU asset and liability are eliminated on the consolidated statements of financial position and the related payments between the Organization and Master Tenant are eliminated on the consolidated statements of operations and changes in net assets.

SUPPLEMENTAL INFORMATION

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Financial Position
June 30, 2024

ASSETS	NO/AIDS Task Force doing business as CrescentCare	CCMC Managing Member, LLC	CCMC Master Tenant, LLC	CrescentCare MidCity, LLC	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
Current assets							
Cash and cash equivalents	$ 13,907,850	$ -	$ -	$ -	$ -	$ -	**$ 13,907,850**
Patient accounts receivable	2,536,711	-	-	-	-	-	**2,536,711**
Less allowance for credit loss	(1,382,741)	-	-	-	-	-	**(1,382,741)**
Patient accounts receivable, net	1,153,970	-	-	-	-	-	**1,153,970**
Other receivables:							**-**
Grants	5,329,574	-	-	-	-	-	**5,329,574**
340B pharmacy	3,416,397	-	-	-	-	-	**3,416,397**
Intercompany receivables	219,943	-	6,310	33,717	255,185	(515,155)	**-**
Prepaid expenses and other	203,189	14,200	-	-	1,409	-	**218,798**
Investments	5,150,567	-	-	-	-	-	**5,150,567**
Total current assets	29,381,490	14,200	6,310	33,717	256,594	(515,155)	**29,177,156**
Assets limited as to use							
Held by trustee for construction fund	-	-	-	1,911,438	-	-	**1,911,438**
Held by trustee for reserve fund	-	-	-	459,333	42,627	-	**501,960**
Total assets limited as to use	-	-	-	2,370,771	42,627	-	**2,413,398**
Noncurrent assets							
Investment in Housing Partnership	400,107	-	-	-	-	-	**400,107**
Investment in CCMC Master Tenant, LLC	-	21,175	-	-	-	(21,175)	**-**
Investment in CrescentCare MidCity, LLC	-	93,045	557,421	-	-	(650,466)	**-**
Receivable for 2515 Canal St. Project	14,013,000	-	-	-	-	-	**14,013,000**
Receivable for 1631 Elysian Fields Project	14,027,240	-	-	-	-	-	**14,027,240**
Operating lease right-of-use asset	31,190,552	-	16,407,564	-	-	(47,598,116)	**-**
Property, buildings, and equipment, net	1,809,525	-	-	16,893,276	13,268,553	-	**31,971,354**
Total noncurrent assets	61,440,424	114,220	16,964,985	16,893,276	13,268,553	(48,269,757)	**60,411,701**
Total assets	**$ 90,821,914**	**$ 128,420**	**$ 16,971,295**	**$ 19,297,764**	**$ 13,567,774**	**$ (48,784,912)**	**$ 92,002,255**
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	$ 2,853,486	$ -	$ -	$ -	$ -	$ -	**$ 2,853,486**
Construction accounts payable	-	-	-	747,016	-	-	**747,016**
Accrued compensation and related liabilities	2,318,526	-	-	-	-	-	**2,318,526**
Current maturities of long-term debt	4,023,676	-	-	-	-	-	**4,023,676**
Current maturities of operating lease liabilities	626,268	-	39,936	-	-	(666,204)	**-**
Intercompany payables	429,417	34,098	6,615	4,998	-	(475,128)	**-**
Accrued interest	35,151	-	-	-	-	-	**35,151**
Total current liabilities	10,286,524	34,098	46,551	752,014	-	(1,141,332)	**9,977,855**
Noncurrent liabilities							
Long-term debt, less current portion	15,687,459	-	-	17,895,283	19,980,528	-	**53,563,270**
Operating lease liabilities, less current portion	30,570,594	-	16,401,345	-	-	(46,971,939)	**-**
Total noncurrent liabilities	46,258,053	-	16,401,345	17,895,283	19,980,528	(46,971,939)	**53,563,270**
Total liabilities	56,544,577	34,098	16,447,896	18,647,297	19,980,528	(48,113,271)	**63,541,125**
Net assets without donor restrictions							
Controlling interest, restated	34,277,337	94,322	21,175	650,467	(6,412,754)	(671,641)	**27,958,906**
Noncontrolling interest	-	-	502,224	-	-	-	**502,224**
	34,277,337	**94,322**	**523,399**	**650,467**	**(6,412,754)**	**(671,641)**	**28,461,130**
Total liabilities and net assets	**$ 90,821,914**	**$ 128,420**	**$ 16,971,295**	**$ 19,297,764**	**$ 13,567,774**	**$ (48,784,912)**	**$ 92,002,255**

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Financial Position (Continued)
June 30, 2023

ASSETS	NO/AIDS Task Force doing business as CrescentCare	CCMC Managing Member, LLC	CCMC Master Tenant, LLC	CrescentCare MidCity, LLC	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
Current assets							
Cash and cash equivalents	$ 10,510,463	$ -	$ 521,369	$ -	$ 255,762	$ -	**$ 11,287,594**
Patient accounts receivable	1,648,906	-	-	-	-	-	**1,648,906**
Less allowance for credit loss	(311,708)	-	-	-	-	-	**(311,708)**
Patient accounts receivable, net	1,337,198	-	-	-	-	-	**1,337,198**
Other receivables:							
Grants	5,822,436	-	-	-	-	-	**5,822,436**
340B pharmacy	2,766,120	-	-	-	-	-	**2,766,120**
Intercompany receivables	277,752	-	-	75,000	-	(352,752)	**-**
Prepaid expenses and other	120,932	-	-	-	1,409	-	**122,341**
Investments	4,658,399	-	-	-	-	-	**4,658,399**
Total current assets	25,493,300	-	521,369	75,000	257,171	(352,752)	**25,994,088**
Assets limited as to use							
Held by trustee for construction fund	-	-	-	11,890,978	-	-	**11,890,978**
Held by trustee for reserve fund	-	-	-	541,833	50,696	-	**592,529**
Total assets limited as to use	-	-	-	12,432,811	50,696	-	**12,483,507**
Noncurrent assets							
Investment in Housing Partnership	400,107	-	-	-	-	-	**400,107**
Investment in CCMC Master Tenant, LLC	-	21,469	-	-	-	(21,469)	**-**
Investment in CrescentCare MidCity, LLC	-	51,801	31,469	-	-	(83,270)	**-**
Receivable for 2515 Canal St. Project	14,013,000	-	-	-	-	-	**14,013,000**
Receivable for 1631 Elysian Fields Project	14,027,240	-	-	-	-	-	**14,027,240**
Operating lease right-of-use asset	22,173,331	-	-	-	-	(22,173,331)	**-**
Property, buildings, and equipment, net	1,403,510	-	-	7,156,126	14,368,598	-	**22,928,234**
Total noncurrent assets	52,017,188	73,270	31,469	7,156,126	14,368,598	(22,278,070)	**51,368,581**
Total assets	**$ 77,510,488**	**$ 73,270**	**$ 552,838**	**$ 19,663,937**	**$ 14,676,465**	**$ (22,630,822)**	**$ 89,846,176**
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	$ 1,844,966	$ -	$ -	$ -	$ -	$ -	**$ 1,844,966**
Construction accounts payable	-	-	-	1,673,281	-	-	**1,673,281**
Accrued compensation and related liabilities	1,779,154	-	-	-	-	-	**1,779,154**
Current maturities of long-term debt	3,040,880	-	-	-	-	-	**3,040,880**
Current maturities of operating lease liabilities	222,702	-	-	-	-	(222,702)	**-**
Intercompany payables	160,454	-	-	-	192,298	(352,752)	**-**
Accrued interest	36,617	-	-	-	-	-	**36,617**
Total current liabilities	7,084,773	-	-	1,673,281	192,298	(575,454)	**8,374,898**
Noncurrent liabilities							
Long-term debt, less current portion	16,465,291	-	-	17,832,386	19,959,682	-	**54,257,359**
Operating lease liabilities, less current portion	21,950,629	-	-	-	-	(21,950,629)	**-**
Total noncurrent liabilities	38,415,920	-	-	17,832,386	19,959,682	(21,950,629)	**54,257,359**
Total liabilities	45,500,693	-	-	19,505,667	20,151,980	(22,526,083)	**62,632,257**
Net assets without donor restrictions							
Controlling interest	32,009,795	73,270	21,469	158,270	(5,475,515)	(104,739)	**26,682,550**
Noncontrolling interest	-	-	531,369	-	-	-	**531,369**
	32,009,795	**73,270**	**552,838**	**158,270**	**(5,475,515)**	**(104,739)**	**27,213,919**
Total liabilities and net assets	**$ 77,510,488**	**$ 73,270**	**$ 552,838**	**$ 19,663,937**	**$ 14,676,465**	**$ (22,630,822)**	**$ 89,846,176**

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2024

	NO/AIDS Task Force doing business as CrescentCare	CCMC Managing Member, LLC	CCMC Master Tenant, LLC	CrescentCare MidCity, LLC	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
Operating revenues							
Patient service revenue	$ 5,019,567	$ -	$ -	$ -	$ -	$ -	**$ 5,019,567**
Grants	21,624,691	-	-	-	-	-	**21,624,691**
340B pharmacy	45,002,610	-	-	-	-	-	**45,002,610**
Investment return, net	1,248,440	40,950	4,583	-	831	(45,533)	**1,249,271**
Other	1,033,128	-	85,060	107,967	443,836	(636,863)	**1,033,128**
Total operating revenues	73,928,436	40,950	89,643	107,967	444,667	(682,396)	**73,929,267**
Operating expenses							
Salaries and wages	17,991,043	-	-	-	-	-	**17,991,043**
Payroll taxes and benefits	5,516,329	-	-	-	-	-	**5,516,329**
Professional fees	684,100	2,615	11,115	12,185	56,400	-	**766,415**
Medications	27,495,863	-	-	-	-	-	**27,495,863**
340B administration fees	7,324,407	-	-	-	-	-	**7,324,407**
Supplies	1,025,676		-	-	-	-	**1,025,676**
Contract medical providers	589,226	-	-	-	-	-	**589,226**
Dental referrals	376,128	-	-	-	-	-	**376,128**
Depreciation	156,867	-	-	70,569	1,100,044	-	**1,327,480**
Occupancy	1,272,648	-	107,967	-	-	(636,863)	**743,752**
Client assistance	4,283,231	-	-	-	-	-	**4,283,231**
Laboratory tests	292,734	-	-	-	-	-	**292,734**
Professional development and support	168,980	-	-	-	-	-	**168,980**
Property and operations	1,096,934	-	-	-	-	-	**1,096,934**
Insurance	307,086	-	-	-	-	-	**307,086**
Software, technology, and telephones	1,375,139	-	-	-	-	-	**1,375,139**
Interest	1,018,351	-	-	54,385	225,447	-	**1,298,183**
Advertising and outreach	83,588	-	-	-	-	-	**83,588**
Other	602,564	17,283	-	-	15	-	**619,862**
Total operating expenses	71,660,894	19,898	119,082	137,139	1,381,906	(636,863)	**72,682,056**
Operating income (loss)	2,267,542	21,052	(29,439)	(29,172)	(937,239)	(45,533)	**1,247,211**
Change in net assets without donor restrictions	2,267,542	21,052	(29,439)	(29,172)	(937,239)	(45,533)	**1,247,211**
Net assets without donor restrictions, beginning of year	32,009,795	73,270	552,838	158,270	(5,475,515)	(104,739)	**27,213,919**
Member capital contributions	-	-	-	521,369	-	(521,369)	**-**
Net assets without donor restrictions, end of year	**$ 34,277,337**	**$ 94,322**	**$ 523,399**	**$ 650,467**	**$ (6,412,754)**	**$ (671,641)**	**$ 28,461,130**

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Operations and Changes in Net Assets (Continued)
Year Ended June 30, 2023

	NO/AIDS Task Force doing business as CrescentCare	CCMC Managing Member, LLC	CCMC Master Tenant, LLC	CrescentCare MidCity, LLC	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
Operating revenues							
Patient service revenue	$ 4,991,406	$ -	$ -	$ -	$ -	$ -	**$ 4,991,406**
Grants	21,264,760	-	-	-	-	-	**21,264,760**
340B pharmacy	37,915,252	-	-	-	-	-	**37,915,252**
Investment return, net	726,548	-	-	-	633	-	**727,181**
Other	627,377	-	-	75,000	277,313	(277,313)	**702,377**
Total operating revenues	65,525,343	-	-	75,000	277,946	(277,313)	**65,600,976**
Operating expenses							
Salaries and wages	17,121,270	-	-	-	-	-	**17,121,270**
Payroll taxes and benefits	4,897,377	-	-	-	-	-	**4,897,377**
Professional fees	989,215	-	-	-	41,500	-	**1,030,715**
Medications	22,053,016	-	-	-	-	-	**22,053,016**
340B administration fees	6,048,223	-	-	-	-	-	**6,048,223**
Supplies	1,019,312	-	-	-	-	-	**1,019,312**
Contract medical providers	492,228	-	-	-	-	-	**492,228**
Dental referrals	568,983	-	-	-	-	-	**568,983**
Depreciation	516,318	-	-	-	1,239,471		**1,755,789**
Occupancy	887,270	-	-	-	-	(277,313)	**609,957**
Client assistance	4,311,969	-	-	-	-	-	**4,311,969**
Laboratory tests	254,303	-	-	-	-	-	**254,303**
Professional development and support	230,436	-	-	-	-	-	**230,436**
Property and operations	1,045,010	-	-	-	-	-	**1,045,010**
Insurance	254,506	-	-	-	-	-	**254,506**
Software, technology, and telephones	1,689,154	-	-	-	-	-	**1,689,154**
Interest	751,672	-	-	-	225,447	-	**977,119**
Advertising and outreach	118,055	-	-	-	-	-	**118,055**
Other	429,839	-	-	-	49	-	**429,888**
Total operating expenses	63,678,156	-	-	-	1,506,467	(277,313)	**64,907,310**
Operating income (loss)	1,847,187	-	-	75,000	(1,228,521)	-	**693,666**
Loss on disposal of equipment	(275,491)	-	-	-	-	-	**(275,491)**
Change in net assets without donor restrictions	1,571,696	-	-	75,000	(1,228,521)	-	**418,175**
Transfer of net assets to subsidiary	(73,270)	73,270	-	-	-	-	**-**
Change in net assets	1,498,426	73,270	-	75,000	(1,228,521)	-	**418,175**
Net assets without donor restrictions, beginning of year	30,511,369	-	-	-	(4,246,994)	-	**26,264,375**
Member capital contributions	-	-	552,838	83,270	-	(104,739)	**531,369**
Net assets without donor restrictions, end of year	**$ 32,009,795**	**$ 73,270**	**$ 552,838**	**$ 158,270**	**$ (5,475,515)**	**$ (104,739)**	**$ 27,213,919**

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer
Year Ended June 30, 2024

Agency Head Name: Alice Riener, Chief Executive Officer		
Salary	$	203,416
Benefits - Insurance		16,707
Benefits - Retirement		10,148
Total	**$**	**230,271**

See accompanying independent auditors' report.

SINGLE AUDIT

AUDITORS' SECTION

INDEPENDENT AUDITORS' 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*

Board of Trustees
NO/AIDS Task Force
doing business as CrescentCare
New Orleans, Louisiana

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 consolidated financial statements of NO/AIDS Task Force doing business as CrescentCare (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and questioned costs as 2024-001 and 2024-002, that we consider to be material weaknesses.

12015 E Main Ave | Spokane Valley, WA 99206 | 509.242.0874 | www.dza.cpa

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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*.

The Organization's Response to the Findings

Government Auditing Standards require the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of audit findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DZA PLLC

Spokane Valley, Washington
December 17, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
NO/AIDS Task Force
doing business as CrescentCare
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited NO/AIDS Task Force doing business as CrescentCare's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, the Organization complied, in all respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

DZA PLLC

Spokane Valley, Washington
December 17, 2024

NO/AIDS Task Force
doing business as CrescentCare
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2024

Section I – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	***Unmodified***
Internal control over financial reporting:	
• Material weakness(es) identified?	X yes ___ no
• Significant deficiency(ies) identified?	___ yes X none reported
Noncompliance material to financial statements noted?	___ yes X no

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	___ yes X no
• Significant deficiency(ies) identified?	___ yes X none reported
Type of auditors' report issued on compliance for major federal programs:	***Unmodified***
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes X no

Identification of Major Federal Programs:

Federal Assistance Listing Numbers	*Name of Federal Program or Cluster*
14.241	Housing Opportunities for Persons with AIDS
93.696	Certified Community Behavioral Health Clinic Expansion Grants
93.914	HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ___ yes X no

Section II – Financial Statement Findings

2024-001 Auditor Detected Journal Entries

Criteria	The Organization's internal controls should be capable of preventing or detecting and correcting material errors in the financial statements. [ ] Compliance Finding [ ] Significant Deficiency [X] Material Weakness
Condition	There were material adjustments to property, accounts payable, and accrued payroll proposed by the audit team.
Cause	There were changes in personnel in some key positions related to financial accounting and reporting, which contributed to the condition. Property and accounts payable were materially understated due to three unrecorded invoices related to CrescentCare MidCity. Accrued payroll from the prior year was not reversed, resulting in the June 30, 2024, accrued payroll being overstated.
Effect	Financial reports may be inaccurate and could affect management and Board of Trustees decision making.
Recommendation	We recommend management implement a system to ensure that invoices are recording accounts payable in the proper period. We recommend a thorough review process be implemented over the payroll accrual to make sure the amount recorded at year end is accurate.
Views of responsible officials and planned corrective action	The Organization agrees with the financial statement finding. The property and accounts payable adjustments were isolated to a specific rehabilitation project. This project included partnering with a project company that was processing the construction draw packets and providing the accounting information to the Organization monthly. The three invoices that were missed were related to payments that were made at the project company after the month-end activities were provided to the Organization. The Organization's team identified the missing invoices and provided the adjusting entry and support to the auditor. The accounting team was not fully staffed during fiscal year 2024 and the reconciliation of the development payable account did not occur prior to providing the trial balance to the auditor. These accounts are currently reconciled, and the project accounting work has been brought in house.

Section II – Financial Statement Findings (continued)

2024-002 Prior Period Adjustment

Criteria	[ ] Compliance Finding [ ] Significant Deficiency [X] Material Weakness
Condition	A prior period restatement was required to restate the Organization's 340B pharmacy liabilities, as described in Note 2.
Cause	The Organization was reducing revenue when the liabilities to the 340B pharmacies for drug replacement costs were billed directly by the drug distributors. This resulted in the 340B pharmacy liabilities being recorded twice, when monthly statements were received from the pharmacies and when receiving the invoice from the drug distributor.
Effect	An adjustment was required to the Organization's beginning net assets to restate the 340B pharmacy liabilities.
Recommendation	We recommend that the Organization's CFO perform a detailed review of all accrued liabilities to ensure they are adequately supported and are accurate.
Views of responsible officials and planned corrective action	The Organization agrees with the financial statement finding. The CFO performed a detailed review of the liabilities and discovered that the 340B liability on the books was not supported, and that the inventory replenishment was flowing through the accounts payable, and not the 340B liability account. This discovery was presented to the auditors which caused an adjustment to the beginning net assets.

Section III – Federal Award Findings and Questioned Costs

No matters were reported for 2024.

AUDITEE'S SECTION

NO/AIDS Task Force
doing business as CrescentCare
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Additional Award Information	Total Federal Expenditures
U.S. Department of Housing and Urban Development Pass-Through Programs From:				
Louisiana Department of Health and Hospitals				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant Program for Entitlement Communities	14.218	2000153419 2000490469		$ 93,244
Housing Opportunities for Persons With AIDS	14.241	2000544883 2000735482 2000599165		1,114,158
City of New Orleans Office of Housing Policy and Community Development				
Housing Opportunities for Persons With AIDS	14.241	LAH21F001 LAH22F001		1,855,843
Unity of Greater New Orleans, Inc.				
Housing Opportunities for Persons With AIDS	14.241	LA-H190014 LA-H220051		235,720
Continuum of Care Program	14.267	LA0223L6H032007 LA0223L6H032108 LA0250L6H032005 LA0274L6H032206 LA0250L6H032106		1,834,083
Total U.S. Department of Housing and Urban Development				**$ 5,133,048**
U.S. Department of Health and Human Services Direct Programs:				
Health Center Program Cluster				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224			**$** 2,361,103
Grants for New and Expanded Services under the Health Center Program	93.527		COVID-19	45,953
Total Health Centers Program Cluster				**2,407,056**
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153			1,060,570
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			1,787,175
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			44,304
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			330,908
Grants for Capital Development in Health Centers	93.526			456,365
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918			798,827
Certified Community Behavioral Health Clinic Expansion Grants	93.696			1,238,102
HIV Prevention Activities Non-Governmental Organization Based	93.939			813,507
Total U.S. Department of Health and Human Services Direct Programs				**$ 8,936,814**

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

NO/AIDS Task Force
doing business as CrescentCare
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Additional Award Information	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Programs From:				
University of Washington				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	BPO74277		$ 57,470
City of Baton Rouge and Parish of East Baton Rouge				
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B	93.686	Not available		163,244
HIV Emergency Relief Project Grants	93.914	Not available		149,187
Louisiana Department of Health - Office of Behavioral Health				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2000817301 State LDR 6078026-001		138,798
City of New Orleans Office of Health Policy & AIDS Funding				
HIV Emergency Relief Project Grants	93.914	3611-02343 4583		4,120,995
Louisiana Department of Health and Hospitals				
HIV Care Formula Grants	93.917	2000441493 2000706532		244,967
HIV Prevention Activities Health Department Based	93.940	2000489571 2000562104 2000524779 2000656891 2000656892		1,022,059
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	2000471817 2000731576		626,136
University Medical Center				
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	EIS		8,361
Metropolitan Human Services District				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	23333		228,504
Vera Institute of Justice				
Grant to Provide Legal Services for Unaccompanied Children	93.U01	140D0422C0009		157,159
Total U.S. Department of Health and Human Services Pass-Through Programs				**$ 6,916,880**
Total U.S. Department of Health and Human Services				**$ 15,853,694**
Total expenditures of federal awards				**$ 20,986,742**

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

NO/AIDS Task Force
doing business as CrescentCare
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of NO/AIDS Task Force doing business as CrescentCare (the Organization) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented or used in the preparation of the consolidated financial statements.

3. De Minimis Indirect Cost Rate:

During the year ended June 30, 2024, the Organization did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, as they have a 35 percent indirect cost rate agreement in effect.

NO/AIDS Task Force
doing business as CrescentCare
Corrective Action Plan
Year Ended June 30, 2024

The current year Schedule of Audit Findings and Questioned Costs reported two matters in Section II – *Financial Statement Findings* and no matters in Section III – *Federal Award Findings and Questioned Costs.*

Current year audit findings:

2024-001 Auditor Detected Journal Entries

Corrective action planned:	A Controller was hired in August 2024. This role is focused on verifying the accuracy of the monthly accounting procedures and financial statements. The rehabilitation project has been completed and the accounting for the project has been brought in house.
Anticipated completion date:	August 31, 2024
Contact person responsible for corrective action:	Annette LeBlanc, Chief Financial Officer

2024-002 Prior Period Adjustment

Corrective action planned:	Monthly/quarterly reconciliations of liabilities are performed by the Senior Accountant including a review by the Controller and/or CFO.
Anticipated completion date:	August 31, 2024
Contact person responsible for corrective action:	Annette LeBlanc, Chief Financial Officer

2023-001 Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Status: Corrected.

2023-002 Application of Sliding Fee Discount

Status: Corrected

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYI.NG AGREED-UPON PROCEDURES

To the Governing Board of NO/AIDS Task Force
doing business as CrescentCare
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. NO/AIDS Task Force doing business as CrescentCare's (CresentCare) management is responsible for those C/C areas identified in the SAUPs.

CrescentCare has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

   c) ***Disbursements***, including processing, reviewing, and approving.

   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

   e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

f) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

h) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

i) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

j) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

k) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were noted as a result of these procedures. Procedures related to categories i) Ethics, j) Debt Service and l) Prevention of Sexual Harassment are not applicable to this non-profit organization.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were noted as a result of these procedures. Procedures related to step c are not applicable to this non-profit organization.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
   b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
   c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

   No exceptions were noted as a result of these procedures.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

   d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

   e) Trace the actual deposit per the bank statement to the general ledger.

   No exceptions were noted as a result of these procedures.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

   b) At least two employees are involved in processing and approving payments to vendors.

   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

   e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction, and:

    a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

    b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

    No exceptions were noted as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

13. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

    b) Observe that finance charges and late fees were not assessed on the selected statements.

14. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

    No exceptions were noted as a result of these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

    a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

    b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

    c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

    d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

    No exceptions were noted as a result of these procedures.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

    a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

    c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

    d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

    No exceptions were noted as a result of these procedures.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

18. Randomly select one pay period during the fiscal period. For the five employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

    c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

    No exceptions were noted as a result of these procedures.

Ethics

21. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

    a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

    b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

    These procedures are not applicable to this non-profit organization.

Debt Service

22. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

23. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

    These procedures are not applicable to this non-profit organization.

Fraud Notice

24. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

25. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    No exceptions were noted as a result of these procedures. There were no misappropriations of assets noted in the fiscal period.

Information Technology Disaster Recovery/Business Continuity

26. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

    c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

e) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:126725. The requirements are as follows:

   i. Hired before June 9, 2020 - completed the training; and

   ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.

Prevention of Sexual Harassment

27. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

28. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

29. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

   a) Number and percentage of public servants in the agency who have completed the training requirements;

   b) Number of sexual harassment complaints received by the agency;

   c) Number of complaints which resulted in a finding that sexual harassment occurred;

   d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

   e) Amount of time it took to resolve each complaint.

These procedures are not applicable to this non-profit organization.

We were engaged by CrescentCare to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of CrescentCare and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

DZA PLLC

Spokane Valley, Washington
December 17, 2024