

**CAPITOL CITY FAMILY HEALTH CENTER, INC.
D/B/A CARE SOUTH**

AUDITED FINANCIAL STATEMENTS

**DECEMBER 31, 2020
(With Summarized Financial
Information for 2019)**

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
 DECEMBER 31, 2020
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Capitol City Family Health Center, Inc. D/B/A Care South
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Capitol City Family Health Center, Inc. D/B/A Care South (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of operations, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capitol City Family Health Center, Inc. D/B/A Care South as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Capitol City Family Health Center, Inc. D/B/A Care South's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 18-22 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, on our consideration of Capitol City Family Health Center, Inc. D/B/A Care South'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 Capitol City Family Health Center, Inc. D/B/A Care South'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 Capitol City Family Health Center, Inc. D/B/A Care South's internal control over financial reporting and compliance.



Ridgeland, Mississippi
September 14, 2021

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Statement of Financial Position
December 31, 2020
(With Summarized Financial Information for 2019)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 3,705,189	\$ 793,541
Certificate of deposit	1,497,500	-
Patient care receivables, less allowance of \$(442,315) for doubtful accounts	732,826	746,698
Grants and contracts receivable (Note 13)	389,139	405,719
Goodwill (Note 14)	210,000	210,000
Accounts receivable, other	<u>21,009</u>	<u>36,000</u>
Total Current Assets	<u>6,555,663</u>	<u>2,191,958</u>
Fixed Assets:		
Land	495,593	495,593
Buildings and Improvements	10,607,324	8,935,023
Construction In Progress	360,090	233,791
Furniture and equipment	2,174,800	2,167,070
Less: Accumulated depreciation	<u>(4,154,111)</u>	<u>(3,880,905)</u>
Net Fixed Assets	<u>9,483,696</u>	<u>7,950,572</u>
OTHER ASSETS		
Deposits	<u>10,140</u>	<u>5,440</u>
TOTAL ASSETS	<u>\$ 16,049,499</u>	<u>\$ 10,147,970</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 1,120,425	\$ 1,093,245
Salaries payable	289,448	197,626
Payroll taxes payable and accrued	73,970	14,583
Accrued annual leave	281,731	302,886
Contribution payable - current portion	265,000	-
Refundable advances	41,336	-
Line of credit payable	-	161,548
Notes payable (current portion) (Note 15)	<u>218,134</u>	<u>215,326</u>
Total Current Liabilities:	<u>2,290,044</u>	<u>1,985,214</u>
Long-Term Liabilities		
Notes payable (Note 15)	1,907,189	2,466,835
Contribution payable	<u>795,000</u>	<u>-</u>
Total Long-Term Liabilities	<u>2,702,189</u>	<u>2,466,835</u>
Total Liabilities	<u>4,992,233</u>	<u>4,452,049</u>
Net Assets:		
Without donor restrictions:		
Undesignated (operating)	<u>11,057,266</u>	<u>5,695,921</u>
Total Net Assets	<u>11,057,266</u>	<u>5,695,921</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,049,499</u>	<u>\$ 10,147,970</u>

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

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Statement of Operations and Changes in Net Assets
For the Year Ended December 31, 2020
(With Summarized Financial Information for 2019)

	<u>Without Donor Restrictions</u>	
	<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUES		
Support:		
Grants and contracts	\$ 6,443,740	\$ 4,570,105
Total Support	<u>6,443,740</u>	<u>4,570,105</u>
Revenue:		
Health care services, net of charity, bad debts and contractual adjustments of \$3,886,172	5,262,451	8,174,017
340B income (net of expenses of \$3,910,545)	12,165,943	1,374,518
Forgiveness of debt - PPP Loan	1,370,030	-
Rental income	-	18,000
Interest income	6,413	-
In-kind revenue	660	-
Other income	<u>271,008</u>	<u>559,676</u>
Total Revenue	<u>19,076,505</u>	<u>10,126,211</u>
TOTAL SUPPORT AND REVENUES	<u>25,520,245</u>	<u>14,696,316</u>
EXPENSES		
Program Services		
Health care services	10,634,178	7,885,931
Community services	<u>1,609,535</u>	<u>1,732,881</u>
Total Program Services	<u>12,243,713</u>	<u>9,618,812</u>
Supporting Services		
Management and general	<u>7,915,187</u>	<u>4,935,859</u>
Total Supporting Services	<u>7,915,187</u>	<u>4,935,859</u>
TOTAL EXPENSES	<u>20,158,900</u>	<u>14,554,671</u>
Change in Net Assets	5,361,345	141,645
Net Assets, Beginning of Year	<u>5,695,921</u>	<u>5,554,276</u>
NET ASSETS, END OF YEAR	<u>\$ 11,057,266</u>	<u>\$ 5,695,921</u>

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

EXHIBIT III

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Summarized Financial Information for 2019)

	Health Care Services	Community Services	Total Program Services	Management and General	2020 Total Expenses	2019 Total Expenses
Personnel	\$ 4,692,048	1,163,783	5,855,831	2,324,364	\$ 8,180,195	\$ 7,432,006
Fringe benefits	741,503	126,135	867,638	1,706,865	2,574,503	1,513,225
Travel	3,804	55	3,859	37,513	41,372	98,099
Supplies	515,564	68,634	584,198	118,571	702,769	1,113,820
Equipment rental	81,730	4,022	85,752	143,294	229,046	113,919
Contractual	3,565,427	66,460	3,631,887	780,793	4,412,680	2,300,455
Equipment expense	224,315	49,545	273,860	15,370	289,230	36,265
Legal and accounting	-	-	-	129,070	129,070	142,565
Dues and subscriptions	28,516	3,546	32,062	49,108	81,170	104,596
Utilities	55,230	8,884	64,114	26,090	90,204	99,333
Printing	7,618	3,517	11,135	19,562	30,697	9,176
Repairs and maintenance	32,327	8,316	40,643	84,253	124,896	141,709
Property taxes	-	-	-	14,790	14,790	35
Insurance	17,066	7,284	24,350	109,450	133,800	74,495
Staff recruitment	22,431	7,250	29,681	63,670	93,351	67,892
Advertisement	287,740	17	287,757	1,645	289,402	80,987
Security	302	881	1,183	180,159	181,342	145,238
Continuing education	104,629	11,875	116,504	62,504	179,008	44,685
Communications	109,588	21,178	130,766	22,784	153,550	209,546
Licenses and fees	24,216	1,885	26,101	17,498	43,599	55,325
Janitorial	412	-	412	1,612	2,024	1,718
Space cost	36,645	12,072	48,717	16,680	65,397	111,249
Interest	28,936	5,943	34,879	55,342	90,221	171,009
Bank charges	2,233	430	2,663	9,635	12,298	13,169
Contributions	-	-	-	1,586,553	1,586,553	81,211
Moving expenses	-	-	-	-	-	501
Transportation expenses	-	34,353	34,353	-	34,353	8,120
Board expenses	-	-	-	38,863	38,863	25,014
Disposal services	20,328	-	20,328	4,365	24,693	34,762
Other	<u>7,556</u>	<u>1,463</u>	<u>9,019</u>	<u>47,598</u>	<u>56,617</u>	<u>50,816</u>
Total expenses before depreciation	10,610,164	1,607,528	12,217,692	7,668,001	19,885,693	14,280,940
Depreciation	<u>24,014</u>	<u>2,007</u>	<u>26,021</u>	<u>247,186</u>	<u>273,207</u>	<u>273,731</u>
Total Expenses	<u>\$ 10,634,178</u>	<u>1,609,535</u>	<u>12,243,713</u>	<u>7,915,187</u>	<u>\$ 20,158,900</u>	<u>\$ 14,554,671</u>

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

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Summarized Financial Information for 2019)

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

	<u>2020</u>	<u>2019</u>
Changes in Net Assets	\$ 5,361,345	\$ 141,645
Adjustments to reconcile changes in assets to net cash provided by (used in) operating activities:		
Depreciation expense	273,207	273,731
Decrease (increase) in:		
Patient care receivables	13,873	166,444
Grants and contracts receivable	16,580	(184,610)
Deposits	(4,700)	(5,000)
Accounts receivable, other	14,991	82,890
Increase (decrease) in:		
Accounts payable	27,181	738,259
Accrued salaries payable	91,822	34,190
Payroll taxes payable	13,356	2,616
Contribution payable	1,060,000	-
Refundable advance	41,336	-
Other liabilities	46,026	(148)
Accrued annual leave	(21,154)	228,968
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>6,933,863</u>	<u>1,478,985</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,497,500)	-
Acquisition of fixed assets	<u>(1,806,329)</u>	<u>(560,052)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(3,303,829)</u>	<u>(560,052)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in short and long-term notes payable	(556,838)	(14,799)
Proceeds from line of credit	<u>(161,548)</u>	<u>(320,155)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(718,386)</u>	<u>(334,954)</u>
NET INCREASE (DECREASE) IN CASH	2,911,648	583,979
CASH, BEGINNING OF YEAR	<u>793,541</u>	<u>209,562</u>
CASH, END OF YEAR	<u>\$ 3,705,189</u>	<u>\$ 793,541</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 90,221</u>	<u>\$ 171,009</u>

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

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 1 - ABOUT THE ORGANIZATION

Capitol City Family Health Center, Inc. D/B/A Care South, a non-profit corporation, was incorporated in the State of Louisiana as of December 8, 1997. The primary purpose of the Corporation is to deliver primary health services to individuals and families.

The fiscal year of Capitol City Family Health Center, Inc. D/B/A Care South is January 1 to December 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of Capitol City Family Health Center, Inc. D/B/A Care South, are presented on the accrual basis of accounting.
- B. Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition the Organization is required to present a statement of functional expenses.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. 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 unrestricted support unless the donor has restricted the donated asset to a specific purpose. 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. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. There is no donated property or equipment.
- E. Donated Services - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification 958, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. The Organization has not recognized donated services as there is no means to objectively value such services.
- F. Functional Allocation of Expenses - The cost of program and supporting services activities have been summarized on a functional basis in the statement of operations. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$5,000 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 40 years.

The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.

I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Operations as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

J. Employees' Annual Leave - Care South, Inc. charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned.

K. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Net Patient Service Revenues and Provision for Bad Debt - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors, and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by Organization. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance. The amount of the provision for bad debt is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

- M. Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.
- N. Allowance for Doubtful Accounts - The Organization provides an allowance for doubtful accounts based upon a review of outstanding patient receivables, historical collection information and existing economic conditions. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.
- O. Classification of Net Assets - Net Assets of Capitol City Family Health Center, Inc. D/B/A Care South are classified based on the presence or absence of donor-imposed restrictions. Net Assets are comprised of two groups as follows:
- a) Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.
 - b) Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	\$ 3,705,189	\$ 3,705,189
Certificate of Deposit	\$ 1,497,500	\$ 1,497,500
	Carrying Amount	Fair Value
Financial liabilities:		
Notes payable	\$ 2,125,323	\$ 2,125,323

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in four (4) financial institutions located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Organization did not have an uninsured cash balance.

NOTE 5 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds.

The following table reflects the Organization's financial assets as of December 31, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may included net assets with donor restrictions. There were no net assets with donor restrictions at December 31, 2020.

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

	2020
Cash and cash equivalents	\$ 3,705,189
Patient receivables, net	732,826
Investments	1,497,500
Grants Receivable	389,139
Other Receivable	21,009
Total financial assets	6,345,663
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,345,663

NOTE 6 - PATIENT CARE RECEIVABLES AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at December 31, 2020:

Accounts receivable:	Amount
Patients	\$ 347,271
Government	682,966
Other	144,904
	\$ 1,175,141

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 6 - PATIENT CARE RECEIVABLES AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS (Continued)

Allowance for doubtful accounts is summarized as follows at December 31, 2020

Allowance :	Amount
Patients	\$ 202,118
All Other	240,197
	\$ 442,315

NOTE 7 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at December 31, 2020:

Patient Service Revenue	Amount
Patient Service Revenue	\$ 9,148,623
Less: Contractual adjustment under third-party reimbursement program and discounts	(3,886,172)
Net Patient Service Revenue	\$ 5,262,451

NOTE 8 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

Assets	
Land	\$ 495,593
Building and Improvements	10,607,324
Construction In Progress	360,090
Furniture and Equipment	2,174,800
Total Property and Equipment	13,637,807
Less: Accumulated Depreciation	(4,154,111)
Net Property and Equipment	\$ 9,483,696

Depreciation expense was \$273,207 for the year ended December 31, 2020.

NOTE 9 - CORPORATE INCOME TAXES

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes. Therefore, no provision has been made for Federal or state corporate income taxes in the accompanying financial statements.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 9 - CORPORATE INCOME TAXES (Continued)

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2017, 2018, and 2019 are subject to examination by the federal, state and local taxing authorities, generally for three years after they are filed.

NOTE 10 - RETIREMENT PLAN

The Organization has a 401k plan for all eligible employees. To be eligible, an employee must be employed with the Corporation for at least one year and must be at least eighteen years of age. For the year ended December 31, 2020, the plan was properly funded. Retirement expense recognized was \$78,291 for the year ended December 31, 2020.

NOTE 11 - ANNUAL LEAVE

The cost of employee's unused annual leave at December 31, 2020 in the amount of \$281,731 is included in the financial statements. See Note 2.J. above.

NOTE 12 - SUMMARY OF FUNDING AND SUPPORT

Capitol City Family Health Center, Inc. D/B/A Care South's operations are funded primarily through restricted grants from the U. S. Department of Health and Human Services. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

Source	Grant Number	Period	Amount
U.S. Dept. of HHS (Health Center Cluster)	6 H80CS00504	1/1/2020-12/31/2020	\$ 2,989,340
U.S. Dept. of HHS COVID-19 Grants	6 H80CS00504	1/1/2020-12/31/2020	997,318
U.S. Dept. of HHS (Ryan White Title III Early Intervention)	6 H76HA00817	1/1/2020-12/31/2020	391,375
U.S. Dept. of HHS (Ryan White Title III Early Intervention - COVID-19 Grants)	6 H76HA00817	1/1/2020-12/31/2020	361,602
STI Grant	N/A	1/1/2020-12/31/2020	117,578
State of Louisiana Dept of Public Health - HIV Health Models Grant	N/A	1/1/2020-12/31/2020	125,002
City of Baton Rouge (Minority Aids Initiative)	N/A	1/1/2020-12/31/2020	80,526
Ryan White Part A HIV Emergency Relief Grant	N/A	1/1/2020 - 12/31/2020	564,518
Louisiana State Department of Health (WIC Grant)	654775	1/1/2020-12/31/2020	816,480
TOTALS			\$ <u>6,443,739</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 13 - GRANTS AND CONTRACTS RECEIVABLE,

Grants and contracts receivable at December 31, 2020 are due from the following:

State of Louisiana Department of Health (WIC Program)	\$ 241,200
City of Baton Rouge (Ryan White Part A)	95,075
U. S. Department of Health & Human Services (CARES Act Grant0	30,803
U. S. Department of Health & Human Services (Ryan White - Part C - COVID-19)	16,808
U. S. Department of Health & Human Services (COVID-19 Supplemental)	<u>5,253</u>
Totals	<u>\$ 389,139</u>

NOTE 14 - GOODWILL

In March 2017, Capitol City Family Health Center, Inc. D/B/A Care South acquired assets of a Behavioral Health practice in which \$210,000 was goodwill. The Organization has adopted ASC 350 "Goodwill and Other Intangible Assets." That statement requires the Organization to evaluate the goodwill on an annual basis for potential impairment.

NOTE 15 - NOTES PAYABLE

Notes payable consist of the following at December 31, 2020:

Note payable to RiverWest Medical Center Properties; interest stated at 3.5%; due in monthly installments of \$8,942 which includes principal and interest; matures August 1, 2024; secured by real estate.	\$ 360,985
Note payable to Capital One Bank; interest stated at 5.25%; due in monthly installments of \$5,097 which includes principal and interest; matures November 14, 2028; secured by real estate.	706,846
Note payable to Capital One Bank; interest stated at 5.50%; due in monthly installments of \$3,970 which includes principal and interest; matures November 13, 2023; secured by real estate.	128,242
Note payable to Southeast Louisiana AHEC; interest stated at 4.25%; due in monthly installments of \$2,107 which includes principal and interest; matures August 1, 2027; secured by real estate.	300,956
Note payable to Southeast Louisiana AHEC; interest stated at 4.75%; due in monthly installments of \$2,792 which includes principal and interest; matures October 1, 2027; secured by real estate.	387,298
Note payable to Southeast Louisiana AHEC; interest stated at 4.75%; due in monthly installments of \$1,511 which includes principal and interest; matures July 15, 2029; secured by real estate.	220,996
Note payable to Brittany Smith; Principal payments only due in quarterly installments of \$10,000; matures March 2021	<u>20,000</u>
TOTALS	2,125,323
Less: current portion	<u>(218,134)</u>
Total Long-Term Debt	<u>\$ 1,907,189</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 15 - NOTES PAYABLE (Continued)

Maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>
2021	\$ 218,134	\$ 94,878	\$ 313,012
2022	206,899	86,114	293,013
2023	212,162	76,945	289,107
2024	132,848	68,983	201,831
2025	73,490	64,577	138,067
Thereafter	<u>1,281,790</u>	<u>147,876</u>	<u>1,429,666</u>
Totals	<u>\$2,125,323</u>	<u>\$ 539,373</u>	<u>\$2,664,696</u>

NOTE 16 - LITIGATION

Capitol City Family Health Center, Inc. D/B/A Care South maintains general liability, property, managed care professional liability, directors and officers and other insurance coverage in amounts management considers to be adequate. The Organization requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, Capitol City Family Health Center, Inc. D/B/A Care South is a party to claims and legal actions by enrollees, providers and others. After consulting with legal counsel, the Organization is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits or investigations will not have a material adverse effect on the financial position or results of operations of Capitol City Family Health Center, Inc. D/B/A Care South.

NOTE 17 - ADVERTISING

Capitol City Family Health Center, Inc. D/B/A Care South uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the year ending December 31, 2020, advertising cost totaled \$289,403.

NOTE 18 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 69% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 19 - GRANT BALANCES AND GRANT CONDITIONS

The Organization has responsibility for expending grant funds in accordance with specified instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the Organization.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources.

Notwithstanding the audit by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Uniform Guidance. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 20 - CONSTRUCTION AND COMMITMENTS

The Organization has under construction the following projects:

Description of Project	Estimated Cost of Project	Balance 12/31/2019	Additions	Balance 12/31/2020	Estimated Cost to Complete
Mobile Medical Unit	\$ 450,112	-	360,090	360,090	\$ 90,022
TOTALS	<u>\$ 450,112</u>	<u>-</u>	<u>360,090</u>	<u>360,090</u>	<u>\$ 90,022</u>

NOTE 21 - COMPARATIVE FINANCIAL STATEMENT INFORMATION

The financial statements include certain prior-year summarized information in total but not by net asset class. Prior-year information is not provided for the notes to the financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 22 - RELATED PARTY TRANSACTIONS

During 2019, the CEO acknowledged losing a cashier's check in the amount of \$36,000 withdrawn from the Center's savings account to be deposited into the Center's operating account as part of a transfer. A promissory note was executed between the Center and the CEO where he agreed to pay \$5,000 quarterly, effective 3/1/2020, until the balance is paid in full. The balance at December 31, 2020 is \$21,000.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Financial Statements
December 31, 2020

NOTE 23 - COMMITMENTS

During 2020, the Organization entered into a 5 year contribution agreement with Southern University in Baton Rouge. The funds will be used by Southern University to fund the Care South/SU Employee Wellness Clinic, the SU College of Nursing and Allied Health Scholarship Fund, SU Athletics, the SU Human Jukebox and the Valdry Center for Philanthropy. The total commitment is \$1.413 million and is recorded as a liability. \$353,000 was paid at December 31, 2020 with the remainder payable over the next 4 years as follows:

2021	\$	265,000
2022		265,000
2023		265,000
2024		<u>265,000</u>
TOTALS	\$	<u>1,060,000</u>

NOTE 24 - PAYCHECK PROTECTION PROGRAM - CONTRIBUTION REVENUE

Capitol City Family Health Center, Inc. D/B/A Care South was granted a \$1,370,030 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. Capitol City Family Health Center, Inc. D/B/A Care South has initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The full amount of the loan was forgiven by the Small Business Administration in the subsequent period. Contribution revenue has been recorded for the year ended December 31, 2020 in the amount of \$1,370,030.

NOTE 25 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Capitol City Family Health Center, Inc. D/B/A Care South evaluated the activity of the Center through September 14, 2021.

SUPPLEMENTARY INFORMATION

SCHEDULE A

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
 For the Year Ended December 31, 2020

In accordance with Act 706 passed during the 2014 regular Louisiana Legislative Session, the compensation, benefits, reimbursements and other payments to the Chief Executive Officer are presented as follows:

<u>Category</u>	<u>Amount</u>	<u>Total</u>
Salary	\$ 164,039	
Incentive pay	<u>67,000</u>	
Total salary		\$ 231,039
Benefits:		
Health insurance	18,048	
FICA/Medicare	11,162	
Retirement	<u>16,967</u>	
Total benefits		46,177
Travel:		
Vehicle allowance	9,000	
Childcare assistance (COVID)	<u>1,350</u>	
Total travel		<u>10,350</u>
Total Compensation, Benefits, Travel, and Other Expenses		\$ <u>287,566</u>

SCHEDULE B

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
 Combining Schedule of Support and Revenues
 For the Year Ended December 31, 2020

	Section 330(e)	Ryan White Title III Early Intervention	Ryan White Part A HIV Emergency Relief	WIC Program	STI Grant	COVID-19 Grants	Minority Aids Initiative	TOTALS
SUPPORT AND REVENUES								
Support:								
Grants and contracts	\$ 2,989,340	391,375	564,519	816,480	117,578	1,483,922	80,526	\$ 6,443,740
Total support	<u>2,989,340</u>	<u>391,375</u>	<u>564,519</u>	<u>816,480</u>	<u>117,578</u>	<u>1,483,922</u>	<u>80,526</u>	<u>6,443,740</u>
Revenue:								
Health care services, net of charity, bad debts and adjustments of \$3,886,172	5,262,451	-	-	-	-	-	-	5,262,451
340B Income (net of expenses of \$3,910,545)	12,165,943	-	-	-	-	-	-	12,165,943
Rental income	-	-	-	-	-	-	-	-
Interest income	6,413	-	-	-	-	-	-	6,413
Forgiveness of debt - PPP Loan	1,370,030	-	-	-	-	-	-	1,370,030
In-kind revenue	660	-	-	-	-	-	-	660
Other income	271,008	-	-	-	-	-	-	271,008
Total revenue	<u>19,076,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,076,505</u>
TOTAL SUPPORT AND REVENUES	<u>\$ 22,065,845</u>	<u>391,375</u>	<u>564,519</u>	<u>816,480</u>	<u>117,578</u>	<u>1,483,922</u>	<u>80,526</u>	<u>\$ 25,520,245</u>

SCHEDULE C

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
 Schedule of Health Care Services Expenses
 For the Year Ended December 31, 2020

<u>EXPENSES</u>	<u>HHS Section 330</u>	<u>COVID-19 Grant C3</u>	<u>COVID-19 Supplemental</u>	<u>COVID-19 Grant C4</u>	<u>HIV Health Model Grant</u>	<u>Provider Rural Relief Grant</u>	<u>Total</u>
Personnel	\$ 4,663,293	-	-	-	28,755	-	\$ 4,692,048
Fringe benefits	740,840	-	-	-	663	-	741,503
Travel	3,105	-	-	699	-	-	3,804
Supplies	139,532	133,649	24,442	122,976	-	94,965	515,564
Equipment rental	23,085	18,578	-	22,393	-	17,674	81,730
Contractual	3,558,218	-	1,209	-	-	6,000	3,565,427
Equipment expense	68,061	-	35,000	45,000	-	76,254	224,315
Dues and subscriptions	27,636	-	-	-	880	-	28,516
Utilities	55,230	-	-	-	-	-	55,230
Printing	3,811	-	-	3,007	800	-	7,618
Repairs and maintenance	32,327	-	-	-	-	-	32,327
Insurance	17,066	-	-	-	-	-	17,066
Staff recruitment	22,431	-	-	-	-	-	22,431
Advertisement	1,361	91,036	-	116,205	-	79,138	287,740
Security	302	-	-	-	-	-	302
Continuing education	10,760	-	-	-	93,869	-	104,629
Communications	26,276	53,924	-	9,539	-	19,849	109,588
License and fees	24,181	-	-	-	35	-	24,216
Janitorial	412	-	-	-	-	-	412
Space cost	36,645	-	-	-	-	-	36,645
Interest	28,936	-	-	-	-	-	28,936
Bank and finance charges	2,233	-	-	-	-	-	2,233
Transportation expenses	-	-	-	-	-	-	-
Disposal services	20,328	-	-	-	-	-	20,328
Other	7,556	-	-	-	-	-	7,556
Total	9,513,625	297,187	60,651	319,819	125,002	293,880	10,610,164
Total Expenses	\$ 9,513,625	297,187	60,651	319,819	125,002	293,880	\$ 10,610,164

SCHEDULE D

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
 Schedule of Community Services Expenses
 For the Year Ended December 31, 2020

EXPENSES	WIC	Ryan White Part A, HIV Emergency Relief	HHS- Title III Early Intervention	Minority Aids Initiative	340B Program	Ryan White Part A COVID-19 Grant	Ryan White Part C COVID-19 Grant	STI Grant	TOTALS
Personnel	\$ 496,623	43,427	430,780	100,692	12,500	-	-	79,761	\$ 1,163,783
Fringe benefits	71,572	5,639	38,627	8,074	-	-	-	2,223	126,135
Travel	9	-	46	-	-	-	-	-	55
Supplies	19,887	-	853	-	16,094	-	12,800	19,000	68,634
Equipment rental	1,832	-	758	-	1,432	-	-	-	4,022
Contractual	3,160	-	35,759	-	24,541	-	3,000	-	66,460
Equipment expense	-	-	-	-	17,644	-	31,901	-	49,545
Dues and subscriptions	-	-	125	-	3,421	-	-	-	3,546
Utilities	3,486	-	3,118	-	2,280	-	-	-	8,884
Printing	2,893	-	93	-	531	-	-	-	3,517
Repairs and maint.	7,759	-	557	-	-	-	-	-	8,316
Insurance	4,182	-	3,102	-	-	-	-	-	7,284
Staff recruitment	3,100	-	4,150	-	-	-	-	-	7,250
Advertisement	-	-	-	-	17	-	-	-	17
Security	-	-	-	-	881	-	-	-	881
Continuing education	300	-	11,075	-	500	-	-	-	11,875
Communications	13,087	832	3,817	529	2,913	-	-	-	21,178
License and fees	-	-	288	-	1,597	-	-	-	1,885
Space cost	12,072	-	-	-	-	-	-	-	12,072
Interest	4,929	-	987	-	27	-	-	-	5,943
Bank and finance charges	-	-	-	-	430	-	-	-	430
Transportation expenses	-	8,710	1,289	24,354	-	-	-	-	34,353
Other	807	-	278	-	378	-	-	-	1,463
Total	645,698	58,608	535,702	133,649	85,186	-	47,701	100,984	1,607,528
Total Expenses	\$ 645,698	58,608	535,702	133,649	85,186	-	47,701	100,984	\$ 1,607,528

SCHEDULE E

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
 Schedule of Management and General Expenses
 For the Year Ended December 31, 2020

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 2,324,364
Fringe benefits	1,706,865
Travel	37,513
Supplies	118,571
Equipment rental	143,294
Contractual	780,793
Equipment expense	15,370
Legal and accounting	129,070
Dues and subscriptions	49,108
Utilities	26,090
Printing	19,562
Repairs and maintenance	84,253
Insurance	109,450
Staff recruitment	63,670
Advertisement	1,645
Security	180,159
Continuing education	62,504
Communications	22,784
License, taxes and fees	17,498
Janitorial	1,612
Space cost	16,680
Property taxes	14,790
Interest	55,342
Bank and finance charges	9,635
Contributions	1,586,553
Board expenses	38,863
Disposal services	4,365
Other	<u>47,598</u>
Total	<u>7,668,001</u>
Total Expenses	<u>\$ 7,668,001</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resource & Service Administration</u>			
<u>Bureau of Primary Health Care</u>			
Direct Grants:			
Health Centers Cluster			
Consolidated Health Centers	93.224	H80CS00504	\$ 1,828,697
COVID-19 Consolidated Health Centers	93.224	H8ECS38015-01-00	319,819
COVID-19 Consolidated Health Centers	93.224	H8CCS34948-01-00	60,651
CARES ACT Consolidated Health Centers	93.224	H8DCS35823-01-00	616,848
Affordable Care Act Grants for New and Expanded Services Under the Health Care Program	93.527	H80CS00504	<u>1,160,643</u>
Total Health Centers Cluster			<u>3,986,658</u>
COVID-19 Ryan White Part C Outpatient EIS Program	93.918	H7CHA36841-01-00	47,701
Ryan White Part C Outpatient EIS Program	93.918	H76HA00817	<u>391,375</u>
Total Ryan White Part C Outpatient EIS Program			<u>439,076</u>
Provider Relief Fund Grant	93.948		<u>293,881</u>
<u>Pass Through City of Baton Rouge, Louisiana</u>			
Ryan White Part A HIV Emergency Relief Grant	93.914	N/A	<u>584,539</u>
<u>Pass Through Rutgers University</u>			
Special Projects of National Significance	93.928	U90HA32147	<u>100,984</u>
Past Through State of Louisiana Office of Public Health			
HIV Health Models Grant	93.940	9711938001	125,002
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>5,530,140</u>
<u>U. S. Department of Agriculture</u>			
<u>Pass Through Louisiana State Dept. of Health and Hospitals</u>			
Special Supplement Food Program for Women, Infants and Children	10.557	718943	<u>816,480</u>
TOTAL FEDERAL AWARDS			<u>\$ 6,346,620</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Capitol City Family Health Center, Inc. D/B/A Care South under programs of the federal government for the year ended December 31, 2020. 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 Capitol City Family Health Center, Inc. D/B/A Care South, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Capitol City Family Health Center, Inc. D/B/A Care South.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

Capitol City Family Health Center, Inc. D/B/A Care South does not use an indirect cost rate and therefore has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Capitol City Family Health Center, Inc. D/B/A Care South
Baton Rouge, 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 financial statements of Capitol City Family Health Center, Inc. D/B/A Care South (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capitol City Family Health Center, Inc. D/B/A Care South's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capitol City Family Health Center, Inc. D/B/A Care South's internal control. Accordingly, we do not express an opinion on the effectiveness of Capitol City Family Health Center, Inc. D/B/A Care South's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capitol City Family Health Center, Inc. D/B/A Care South's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Brown, E. T. Co.

Ridgeland, Mississippi
September 14, 2021



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

To the Board of Directors of
Capitol City Family Health Center, Inc. D/B/A Care South
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Capitol City Family Health Center, Inc. D/B/A Care South's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Capitol City Family Health Center, Inc. D/B/A Care South's major federal programs for the year ended December 31, 2020. Capitol City Family Health Center, Inc. D/B/A Care South's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Capitol City Family Health Center, Inc. D/B/A Care South's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Capitol City Family Health Center, Inc. D/B/A Care South's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Capitol City Family Health Center, Inc. D/B/A Care South's compliance.

Opinion on Each Major Federal Program

In our opinion, Capitol City Family Health Center, Inc. D/B/A Care South complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

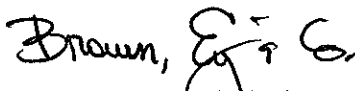
Report on Internal Control Over Compliance

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

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

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

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


Ridgeland, Mississippi
September 14, 2021

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
Summary Schedule of Prior Audit Findings
Year End December 31, 2020

There were no findings for the year ending December 31, 2019.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2020

Section 1: Summary of Auditor's Results

1.	Type of auditor's report issued on the financial statements.	Unmodified
2.	Material noncompliance relating to the financial statements.	None
3.	Internal control over financial reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Federal Awards:		
4.	Type of auditor's report issued on compliance for major federal programs	Unmodified
5.	Internal control over major programs:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
6.	Any audit findings reported as required to be reported in accordance with 2 CFR Section 200.516 (a)	No
7.	Federal programs identified as major programs:	
	HEALTH CENTERS CLUSTER	
	Consolidated Health Centers	CFDA #93.224
	Affordable Care Act Grants for New and Expanded Services Under Health Care Program	CFDA #93.527
8.	The dollar threshold used to distinguish between type A and Type B programs:	\$750,000
9.	Auditee did qualify as a low-risk auditee.	

Section 2: Findings - Financial Statements Audit

NONE

Section 3: Findings and Questioned Costs - Major Federal Award Program Audit

NONE