

**CRESCENTCARE
NO/AIDS TASK FORCE**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
NO/AIDS Task Force
dba: CrescentCare
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of NO/AIDS Task Force dba: CrescentCare, which comprise the consolidated statements of financial position as of June 30, 2018, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, CrescentCare Holdings was audited for the six-month period ended June 30, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 2018 consolidated financial statements referred to above present fairly, in all material respects, the financial position of NO/AIDS Task Force dba: CrescentCare and CrescentCare holdings as of June 30, 2018, and the changes in its net assets and its cash flows for the year and the six months then ended in accordance with accounting principles generally accepted in the United States of America.

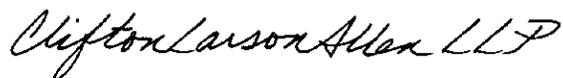
Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental financial information as listed in the table of contents as Consolidating Statement of Financial Position on page 25, Consolidating Statement of Activities and Changes in Net Assets on page 27, Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer on page 29, is presented for purposes of additional analysis and is not a required part of the 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.

The June 30, 2017 consolidated financial statements were audited by other auditors, whose report dated December 29, 2017, expressed an unmodified opinion. The CrescentCare Holding financial statements for the six months ended December 31, 2017 were audited by other auditors, whose report dated May 30, 2018, expressed an unmodified opinion.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of CrescentCare’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 CrescentCare’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 CrescentCare’s internal control over financial reporting and compliance.


CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 27, 2018

**CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 836,180	\$ 8,147,978
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	7,916,754	7,182,496
Prepaid Expenses	376,377	647,792
Deposits	63,824	64,324
Total Current Assets	9,193,135	16,042,590
ASSETS LIMITED AS TO USE		
Held by Trustee for Reserve Fund	193,748	-
Held by Trustee for Project Fund	8,096,819	-
Total Assets Limited as to Use	8,290,567	-
INVESTMENTS AND OTHER ASSETS		
Investments	2,438,752	2,322,920
Receivable for 1631 Elysian Fields Project	14,027,240	742,040
Investment in Housing Partnership	400,108	400,108
Total Investments	16,866,100	3,465,068
PROPERTY AND EQUIPMENT, NET OF DEPRECIATION AND AMORTIZATION		
	16,920,499	2,733,993
Total Assets	\$ 51,270,301	\$ 22,241,651
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Portion of Long-Term Debt	\$ 237,218	\$ -
Accounts Payable	2,027,480	3,159,126
Construction Payable	1,866,450	-
Accrued Payroll	370,937	330,798
Accrued Compensated Absences	616,666	534,006
Accrued Liabilities - Other	60,000	71,615
Total Liabilities	5,178,751	4,095,545
LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS		
	29,618,231	-
NET ASSETS		
Unrestricted	16,423,319	18,146,106
Temporarily Restricted	50,000	-
Total Net Assets	16,473,319	18,146,106
Total Liabilities and Net Assets	\$ 51,270,301	\$ 22,241,651

See accompanying Notes to Consolidated Financial Statements.

**CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
REVENUES AND OTHER SUPPORT		
NET CLINICAL SERVICE FEES AND REIMBURSEMENT		
Clinical Service Revenues and Reimbursements Net of Contractual Allowances of \$2,053,221 and \$1,916,282, Respectively	\$ 3,382,991	\$ 2,807,030
Less: Bad Debt Expense	(189,169)	(596,711)
Net Clinical Service Fees and Reimbursements	3,193,822	2,210,319
PUBLIC SUPPORT AND REVENUE		
Grants and Contracts	38,350,778	38,676,344
Pledges and Contributions	468,676	336,924
Fundraising Events, Net	146,047	215,416
Investment Gain, Net	293,962	142,071
Other Support and Revenue	321,173	192,720
Total Public Support and Revenue	39,580,636	39,563,475
Total Revenues and Other Support	42,774,458	41,773,794
EXPENSES		
Program Services	39,662,700	37,235,170
Supporting Services	4,834,545	3,788,219
Total Expenses	44,497,245	41,023,389
CHANGE IN UNRESTRICTED NET ASSETS	(1,722,787)	750,405
TEMPORARILY RESTRICTED CONTRIBUTION	50,000	-
CHANGE IN NET ASSETS	(1,672,787)	750,405
Net Assets - Beginning of Year	18,146,106	17,395,701
NET ASSETS - END OF YEAR	\$ 16,473,319	\$ 18,146,106

See accompanying Notes to Consolidated Financial Statements.

CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services						
	Education	Primary Medical Care	Case Management	Dental	Behavioral Health	Food for Friends	
SALARIES AND RELATED EXPENSES							
Salaries	\$ 1,347,344	\$ 5,925,248	\$ 1,644,425	\$ 672,994	\$ 773,285	\$ 190,893	\$ 1,570,929
Employee Health and Benefits	390,961	1,167,648	406,484	116,050	152,225	50,782	417,824
Payroll Taxes	91,167	424,885	141,870	49,628	54,225	14,059	107,250
Total Salaries and Related Expenses	<u>1,829,472</u>	<u>7,517,781</u>	<u>2,192,779</u>	<u>838,672</u>	<u>979,735</u>	<u>255,734</u>	<u>2,096,003</u>
OTHER EXPENSES							
Fees and Contract Expenses	11,033	388,748	35,243	683,399	196,000	2,298	8,980
Supplies and Materials	272,693	357,976	23,848	143,131	11,896	288,596	15,943
Telephone	34,061	102,292	22,858	452	6,016	3,653	14,776
Postage	3,405	9,110	8,328	1,008	1,386	3,700	2,598
Occupancy	181,075	579,054	81,531	4,508	44,880	48,109	103,020
Equipment Cost	25,236	126,357	27,713	3,086	8,566	16,449	31,039
Transportation	11,162	10,459	9,882	-	6,141	5,211	56,245
Conference	58,939	68,662	21,106	1,465	16,144	5,073	18,629
Client Assistance	824	332,868	97,062	-	660	119,379	2,395,794
Medication	-	798,593	-	354	466	-	-
Insurance	12,117	52,021	22,082	4,406	3,305	2,203	6,609
Lab Tests	118,361	411,658	-	-	-	-	-
Advertising and Community Support	26,028	331,761	10,563	12,485	11,864	23,494	3,728
Entertainment and Volunteer Recognition	-	-	-	-	-	-	-
Continuing Education	1,645	140,210	11,737	11,838	38,556	-	1,249
Software and Technology	41,252	307,294	48,551	18,120	27,460	4,417	46,909
Miscellaneous	7,314	74,264	14,019	2,463	3,361	1,407	4,295
Total Other Expenses	<u>805,145</u>	<u>4,091,327</u>	<u>434,523</u>	<u>886,715</u>	<u>376,701</u>	<u>523,989</u>	<u>2,709,814</u>
Expenses Before Depreciation, Amortization and Interest	2,634,617	11,609,108	2,627,302	1,725,387	1,356,436	779,723	4,805,817
Depreciation and Amortization	63,019	194,784	68,748	22,916	34,374	11,458	63,019
Interest	-	704	-	-	-	-	-
Total Expenses	<u>\$ 2,697,636</u>	<u>\$ 11,804,596</u>	<u>\$ 2,696,050</u>	<u>\$ 1,748,303</u>	<u>\$ 1,390,810</u>	<u>\$ 791,181</u>	<u>\$ 4,868,836</u>

See accompanying Notes to Consolidated Financial Statements.

CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services			Total Expenses
	Medication	Legal Services	Total	Management and General	Fund Raising	Total	
SALARIES AND RELATED EXPENSES							
Salaries	\$ 149,905	\$ 379,197	\$ 12,654,220	\$ 2,041,233	\$ 215,704	\$ 2,256,937	\$ 14,911,157
Employee Health and Benefits	40,601	64,031	2,806,606	417,633	65,035	482,668	3,289,274
Payroll Taxes	11,601	26,424	921,109	166,860	16,011	182,871	1,103,980
Total Salaries and Related Expenses	202,107	469,652	16,381,935	2,625,726	296,750	2,922,476	19,304,411
OTHER EXPENSES							
Fees and Contract Expenses	15,432	57,996	1,399,129	466,623	1,797	468,420	1,867,549
Supplies and Materials	1,229	10,640	1,125,952	22,739	103,815	126,554	1,252,506
Telephone	1,285	5,826	191,219	18,635	2,669	21,304	212,523
Postage	223	785	30,543	6,180	1,523	7,703	38,246
Occupancy	10,200	27,360	1,079,737	128,520	20,400	148,920	1,228,657
Equipment Cost	2,066	4,107	244,619	40,315	3,456	43,771	288,390
Transportation	-	2,617	101,717	7,462	1,541	9,003	110,720
Conference	-	1,190	191,208	64,969	6,595	71,564	262,772
Client Assistance	-	-	2,946,587	-	-	-	2,946,587
Medication	12,817,177	-	13,616,590	-	-	-	13,616,590
Insurance	1,102	2,203	106,048	17,624	1,102	18,726	124,774
Lab Tests	-	-	530,019	-	-	-	530,019
Advertising and Community Support	621	1,283	421,827	27,762	74,624	102,386	524,213
Entertainment and Volunteer Recognition	-	-	-	42,968	614	43,582	43,582
Continuing Education	-	-	205,235	22,431	-	22,431	227,666
Software and Technology	1,134	4,093	499,230	34,529	22,054	56,583	555,813
Miscellaneous	1,866	5,729	114,718	19,546	48,191	67,737	182,455
Total Other Expenses	12,852,335	123,829	22,804,378	920,303	288,381	1,208,684	24,013,062
Expenses Before Depreciation, Amortization and Interest	13,054,442	593,481	39,186,313	3,546,029	585,131	4,131,160	43,317,473
Depreciation and Amortization	5,729	11,458	475,505	85,930	11,458	97,388	572,893
Interest	178	-	882	605,997	-	605,997	606,879
Total Expenses	\$ 13,060,349	\$ 604,939	\$ 39,662,700	\$ 4,237,956	\$ 596,589	\$ 4,834,545	\$ 44,497,245

See accompanying Notes to Consolidated Financial Statements.

CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services						
	Education	Primary Medical Care	Case Management	Dental	Behavioral Health	Food for Friends	
SALARIES AND RELATED EXPENSES							
Salaries	\$ 1,121,402	\$ 4,433,295	\$ 2,077,809	\$ 453,102	\$ 577,070	\$ 194,197	\$ 1,284,570
Employee Health and Benefits	286,436	738,702	424,358	66,388	106,930	37,538	265,164
Payroll Taxes	85,787	310,555	158,952	29,621	38,919	14,856	98,270
Total Salaries and Related Expenses	<u>1,493,625</u>	<u>5,482,552</u>	<u>2,661,119</u>	<u>549,111</u>	<u>722,919</u>	<u>246,591</u>	<u>1,648,004</u>
OTHER EXPENSES							
Fees and Contract Expenses	8,188	381,270	70,085	591,423	96,575	5,814	21,794
Supplies and Materials	203,267	466,555	38,398	127,009	5,526	313,468	13,242
Telephone	23,868	67,689	24,333	16,908	6,198	4,952	22,593
Postage	3,088	5,610	6,186	734	918	394	2,706
Occupancy	140,718	398,875	164,171	67,180	34,080	44,155	103,851
Equipment Cost	30,730	129,168	50,686	18,686	9,841	15,967	39,802
Transportation	6,260	3,105	40,143	-	3,013	4,423	62,687
Conference	39,520	48,511	20,059	485	11,470	258	16,736
Client Assistance	-	512,565	286,617	-	-	-	1,042,313
Medication	-	3,142,511	-	-	-	-	-
Insurance	22,944	60,570	17,772	6,393	7,991	3,196	22,594
Lab Tests	94,863	449,318	-	-	-	-	-
Advertising and Community Support	2,768	279,848	2,904	522	783	5,234	1,827
Entertainment and Volunteer Recognition	-	-	-	-	-	25	-
Continuing Education	11,684	107,722	442	12,494	1,214	-	951
Software and Technology	32,738	140,590	44,469	9,228	17,224	3,767	44,435
Miscellaneous	5,524	44,150	1,868	-	-	1,450	2,000
Total Other Expenses	<u>626,160</u>	<u>6,238,057</u>	<u>768,133</u>	<u>851,062</u>	<u>194,833</u>	<u>403,103</u>	<u>1,397,531</u>
Expenses Before Depreciation, Amortization and Interest	2,119,785	11,720,609	3,429,252	1,400,173	917,752	649,694	3,045,535
Depreciation and Amortization	77,456	187,183	109,728	25,819	38,728	12,909	71,000
Interest	-	-	-	-	-	-	-
Total Expenses	<u>\$ 2,197,241</u>	<u>\$ 11,907,792</u>	<u>\$ 3,538,980</u>	<u>\$ 1,425,992</u>	<u>\$ 956,480</u>	<u>\$ 662,603</u>	<u>\$ 3,116,535</u>

See accompanying Notes to Consolidated Financial Statements.

CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2017

	Program Services			Supporting Services			Total Expenses
	Medication	Legal Services	Total	Management and General	Fund Raising	Total	
SALARIES AND RELATED EXPENSES							
Salaries	\$ 91,174	\$ 315,009	\$ 10,547,628	\$ 1,872,459	\$ 129,059	\$ 2,001,518	\$ 12,549,146
Employee Health and Benefits	26,497	62,436	2,014,449	410,109	32,537	442,646	2,457,095
Payroll Taxes	6,975	23,448	767,383	115,857	9,516	125,373	892,756
Total Salaries and Related Expenses	124,646	400,893	13,329,460	2,398,425	171,112	2,569,537	15,898,997
OTHER EXPENSES							
Fees and Contract Expenses	669	25,993	1,201,811	383,607	42,830	426,437	1,628,248
Supplies and Materials	1,501	6,502	1,175,468	42,033	6,668	48,701	1,224,169
Telephone	2,061	6,161	174,763	23,774	3,092	26,866	201,629
Postage	183	886	20,705	4,329	675	5,004	25,709
Occupancy	11,360	26,040	990,430	104,490	17,040	121,530	1,111,960
Equipment Cost	1,846	3,991	300,717	64,230	2,770	67,000	367,717
Transportation	-	9,290	128,921	10,730	365	11,095	140,016
Conference	-	1,297	138,336	77,273	10,137	87,410	225,746
Client Assistance	-	-	1,841,495	-	-	-	1,841,495
Medication	12,749,668	-	15,892,179	-	-	-	15,892,179
Insurance	1,598	8,610	151,668	19,479	3,196	22,675	174,343
Lab Tests	-	-	544,181	-	-	-	544,181
Advertising and Community Support	130	-	294,016	17,083	-	17,083	311,099
Entertainment and Volunteer Recognition	-	-	25	93,524	-	93,524	93,549
Continuing Education	-	-	134,507	34,758	-	34,758	169,265
Software and Technology	1,794	21,564	315,809	59,046	7,908	66,954	382,763
Miscellaneous	1,250	2,250	58,492	85,316	-	85,316	143,808
Total Other Expenses	12,772,060	112,584	23,363,523	1,019,672	94,681	1,114,353	24,477,876
Expenses Before Depreciation, Amortization and Interest	12,896,706	513,477	36,692,983	3,418,097	265,793	3,683,890	40,376,873
Depreciation and Amortization	6,455	12,909	542,187	96,808	6,455	103,263	645,450
Interest	-	-	-	1,066	-	1,066	1,066
Total Expenses	\$ 12,903,161	\$ 526,386	\$ 37,235,170	\$ 3,515,971	\$ 272,248	\$ 3,788,219	\$ 41,023,389

See accompanying Notes to Consolidated Financial Statements.

**CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,672,787)	\$ 750,405
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	572,893	645,450
Amortization of Issuance Costs	20,846	-
Net Gain/Loss on Investments	(8,628)	(7,408)
Changes in Assets and Liabilities:		
Reimbursements Receivable	(734,258)	1,740,515
Prepaid Expenses	271,415	(319,858)
Deposits	500	19,241
Accounts Payable	(1,131,646)	(551,276)
Accrued Expenses	111,184	232,168
Net Cash Provided (Used) by Operating Activities	(2,570,481)	2,509,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(12,892,949)	(185,488)
Purchase of Investments	(1,532,204)	(5,929,946)
Net Change in Assets Limited as to Use	(8,290,567)	-
Expenditures on 1631 Elysian Fields Project	(13,285,200)	(742,040)
Proceeds from Sale of Investments	1,425,000	9,565,969
Net Cash Provided (Used) by Investing Activities	(34,575,920)	2,708,495
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of Long-Term Debt, Net of Financing Costs	29,834,603	-
Principal Payments on Long-Term Debt	-	-
Net Cash Provided by Financing Activities	29,834,603	-
NET CHANGE IN CASH	(7,311,798)	5,217,732
Cash - Beginning of Year	8,147,978	2,930,246
CASH - END OF YEAR	\$ 836,180	\$ 8,147,978
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for Interest	\$ 771,816	\$ 593

See accompanying Notes to Consolidated Financial Statements.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NO/AIDS Task Force dba: CrescentCare is a nonprofit organization. As of February 2014, CrescentCare is doing business as CrescentCare and operates as a Federally Qualified Health Center providing primary medical care to anyone without regard for ability to pay. CrescentCare also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social, and emotional problems faced by those already infected. CrescentCare also provides a continuance of care and supportive services for individuals and families living with HIV disease.

In April 2017, CrescentCare Holdings, Inc. (Holdings) was formed by CrescentCare 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 that is scheduled to open November 30, 2018 that will serve as the headquarters and clinic operations of CrescentCare. CrescentCare is the sole shareholder of Holdings. The new facility is expected to cost approximately \$23 million and Gulf Coast Housing Partnership (GCHP) serves as the Developer and Project Manager. Financing for the facility will be made possible with a New Markets Tax Credit allocation from Primary Care Development Corporation (PCDC), Hope Enterprise Corporation, and Chase Community Development Banking, a permanent \$10 million loan from PCDC, and contribution from CrescentCare (see Notes 6 and 8). The closing of the facility and related financing occurred on July 14, 2017.

CrescentCare's programs are as follows:

Prevention

With no cure or vaccine for HIV on the near horizon, prevention and education remain strategies on the forefront of reducing the spread of HIV. CrescentCare Prevention Department uses data driven interventions and evidence based approaches targeting those at high risk for HIV infection. The agency works closely with both the Louisiana Office of Public Health and the Center for Disease Control to ensure our programs align with national best practices. In addition to the more traditional methods of prevention, 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 within 24 hours. The agency provides many of its services in community settings and at nontraditional hours such as evenings and weekends.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prevention (Continued)

Prevention staff provides HIV, HCV (Hepatitis C Virus), and STD testing at satellite locations as well as at community locations such as gay bars and the Orleans Parish Municipal Court. One-on-one, client-centered linkage programs are available to ensure as many clients as possible are linked to appropriate services such as HIV and HCV treatment, and PrEP. Additionally, CrescentCare program, CrescentCare's New Orleans Syringe Access Program (NOSAP), serves as a place to procure safe equipment, provide, and encourage HIV/HCV testing, linkage to medical services, initiation of detox/treatment programs, Medicaid enrollment referral, and first aid/wound care assessment. Under this program, CrescentCare, has disposed of over 2,713,600 used syringes.

Primary Medical Care

CrescentCare operates three clinics which provide comprehensive medical care to more than 12,126 individuals and over 38,000 visits. Clinics services, ranging from pediatric to geriatric care is available to the general population. The clinic is open five and one half days per week offering alternative scheduling to those who need it. CrescentCare accepts most insurance plans and for those who qualify financial assistance is available. Additionally, the clinics have been proactive in encouraging high risk individuals to begin a drug protocol shown to be effective in the prevention of HIV disease and has also worked diligently to identify and assist with care, individuals who are infected with Hepatitis. In 2015, CrescentCare added comprehensive dental care to list of services provided and to date completed over 10,300 visits for over 2,900 individuals. Since July 2015, CrescentCare has partnered with a clinic to provide sexually transmitted disease testing and treatment.

Case Management

CrescentCare provides case managers who serve as liaisons between clients and the network of community resources to ensure that individuals live comfortably and with dignity. Case managers work with those living with both HIV infected and noninfected individuals to develop a plan of care that addresses their medical, financial, emotional, and social needs.

Behavioral Health

CrescentCare offers behavioral health services, which includes mental health and substance abuse support to individuals and families. Short-term individual counseling helps individuals cope with complex emotional, physical, and practical problems. Support groups are offered on a regular basis and, if needed, appointments are offered with a psychiatrist.

Food for Friends

CrescentCare delivers over 27,000 meals through the Home Delivered Meals Program annually. These services are rendered to over 90 clients of CrescentCare. The Pantry Program of Food for Friends distributes groceries providing over 423,000 meals annually. These services are rendered to over 660 clients of CrescentCare. Clients are referred to Food for Friends by case managers of CrescentCare and two other referring agencies.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Housing and Housing Support Services

CrescentCare provides assistance to those infected with HIV disease to obtain acceptable and affordable housing. The agency then provides follow up assistance to ensure individuals retain stable housing. Additionally, the agency operates a transitional housing facility in Houma.

Housing Support Services assist 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. The program is funded in part through third-party billing to Medicaid and a unit of service grant from the Office of Aging and Adult Services.

Medication

CrescentCare contracts with a local pharmacy to provide medication to HIV-infected individuals. CrescentCare also assists with insurance (and medical) co-payments for qualified individuals. Staff assists eligible clients in enrolling in pharmaceutical medication assistance programs for access to free or low cost medications. CrescentCare 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 CrescentCare clients at a discounted price, resulting in revenue for CrescentCare based on these savings. 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. Insurance reimbursement revenues of \$23,689,419 and \$23,732,089 and related expenses of \$13,001,317 and \$15,401,183 were recognized in 2018 and 2017, respectively, related to this program and are included in grants and contracts revenue and program expenses, respectively, in the accompanying consolidated statements of activities and changes in net assets.

Legal Services

CrescentCare Legal Services provides free civil legal aid to persons in Louisiana with legal issues involving matters related to or arising from their HIV status. Persons living with HIV/AIDS, as well as their loved ones, face a variety of problems requiring the assistance of legal professionals with experience in various areas of the law. Without the help of CrescentCare attorneys, unmet legal needs would negatively impact clients' health. Many of our clients would face the loss of family, food, shelter, income, medical care, as well as custody of children and personal safety. Our practice areas include: personal and estate planning, simple successions, securing public benefits, protection of privacy, discrimination, consumer protection defense, and free notarial services. In 2016, CrescentCare was selected to participate as part of the National Medical Legal Partnership Learning Network in partnership with CrescentCare Health and Wellness Clinic. The selection has helped shape our efforts to embed legal services in the health clinic setting as we share and learn from other agencies around the country.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying consolidated financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions whose restrictions are met in the same reporting period as the contribution are shown as unrestricted contributions. At June 30, 2018, CrescentCare had \$50,000 in temporarily restricted net assets, and no permanently restricted net assets. At June 30, 2017, CrescentCare has no temporarily or permanently restricted net assets.

CrescentCare reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The consolidated financial statements include the financial statements of CrescentCare and its wholly owned subsidiary CrescentCare Holdings, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Tax Status

CrescentCare is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and it is not a private foundation. Accounting Standards Codification (ASC) Accounting for Uncertainty in Income Taxes policy, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. It also clarifies the application of accounting for income taxes by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an entity's financial statements. The interpretation requires recognition and measurement of uncertain income tax positions using a more likely than not approach. The adoption of the provisions of the interpretation had no material impact on CrescentCare's consolidated financial statements.

Patient Accounts Receivable

CrescentCare maintains allowances for contractual adjustments and doubtful accounts based on management's assessment of collectibility, current economic conditions, and prior experience. CrescentCare determines if patient accounts receivable are past due based on the discharge date; however, CrescentCare does not charge interest on past-due accounts. CrescentCare charges off patient accounts receivable if management considers the collection of the outstanding balances to be doubtful and this is recorded in Net Clinical Service Fees and Reimbursements on the consolidated statements of activities and changes in net assets.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable (Continued)

In evaluating the collectibility of accounts receivable, CrescentCare analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, CrescentCare analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for doubtful accounts, if necessary. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), CrescentCare records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Reimbursements Receivable

Reimbursements receivable are comprised primarily of reimbursements from federal agencies. CrescentCare uses the allowance method to account for uncollectible reimbursements. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on management's estimate of possible uncollectible reimbursements and is \$-0- at June 30, 2018 and 2017.

Net Clinical Service Revenue and Third-Party Settlements

CrescentCare has agreements with third-party payors that provide for payments to CrescentCare at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge and discounted charges. Net clinical service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period that the related services are rendered. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Consequently, there is at least a reasonable possibility that recorded estimates could change by a material amount.

Investments and Related Gains and Losses

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 unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Related Gains and Losses (Continued)

Dividends, interest and realized and unrealized gains and losses that are restricted by donors are reported as increases in temporarily restricted net assets. Dividends, interest and realized and unrealized gains and losses absent restriction are reported as increases and decreases in unrestricted net assets. All components of investment returns are reported as investment gain (loss), net in the accompanying consolidated statements of activities and changes in net assets.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. CrescentCare 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, 2018 and 2017.

Computer Equipment and Software	3 to 5 Years
Office Furniture, Fixtures, and Equipment	3 to 5 Years
Leasehold Improvements	3 to 5 Years
Mobile Medical Unit	10 Years
Building	30 Years
Land	0 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 unrestricted support, 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.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Housing Partnership

In June, 2013, CrescentCare 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 LIHTC (Low income housing tax credit) project. The primary owner of Investee is a nonprofit community housing developer who builds housing units serving a client population consistent with CrescentCare's mission. CrescentCare's 21% interest in the Investee is being accounted for as an equity method investment, whereby CrescentCare recognizes 21% of the Investee's change in net assets in the accompanying consolidated statements of activities and changes in net assets and the investment balance itself reflects 21% 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), CrescentCare has a right of first refusal and purchase 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 2018, CrescentCare did not make any changes to investment in subsidiary. The balance remains \$400,108 as of June 30, 2018.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of CrescentCare have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. In preparing these statements, 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.

Donated Services

Donated services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. During fiscal years 2018 and 2017, a news publication company donated advertising space and services, primarily for fund raising activities. The estimated value of these donated services and the corresponding expenses for the years ended June 30, 2018 and 2017 was \$41,835 and \$32,347, respectively, and is reflected in the accompanying consolidated financial statements as other support and revenue and support service expenses.

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote CrescentCare's fund-raising events and raise awareness of the disease and its prevention as well as care and treatment services available. During the years ended June 30, 2018 and 2017, advertising costs related to fundraising was \$74,624 and \$20,391, respectively.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. CrescentCare's estimates include those regarding the fair value of donated materials and services, accrual for drug replenishment of its 340B Program, and consideration of allowances for reimbursements receivable.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, CrescentCare considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents includes short-term investments that are not U.S. Federal Deposit Insurance Corporation (FDIC) insured.

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 balance sheets. Amortization of deferred financing costs is included in depreciation and amortization in the consolidated financial statements. Financing fees net of amortization were \$604,551 and amortization was \$20,846 for the year ended June 30, 2018.

Assets Limited as to Use

Assets limited as to use include assets held by trustees in reserve funds and construction project fund. The funds are deposited as cash and cash equivalents and are recorded at cost, which approximates fair value.

NOTE 2 NET CLINICAL SERVICE REVENUE

CrescentCare has agreements with governmental and other third-party payors that provide for payments to CrescentCare at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the differences between CrescentCare billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with third-party payors follows:

Private Insurance Companies

Services rendered to patients with commercial insurance policies are reimbursed at the contracted rate determined by the patient's policy.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 NET CLINICAL SERVICE REVENUE (CONTINUED)

Medicare

Services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Where no fee schedule has been developed, services are paid based on a cost reimbursement methodology. CrescentCare is paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by CrescentCare.

Medicaid

Services rendered to Medicaid program beneficiaries are reimbursed based on the prospective payment system (PPS) rate.

Revenue from the Medicare and Medicaid programs accounted for approximately 35% and 26%, respectively, of CrescentCare net clinical revenue for the year ended June 30, 2018, and 15% and 28%, respectively, of CrescentCare net clinical revenue, for the year ended June 30, 2017. Amounts receivable or payable under reimbursement agreements with the Medicare and Medicaid programs are subject to examination and retroactive adjustments. Provisions for estimated retroactive adjustments under such programs are provided for in the period the related services are rendered and adjusted in future periods as final settlements are determined. CrescentCare did not record an estimated amount due from Medicare for at June 30, 2018. Since the laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Presented below is a summary of net clinical service revenue for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Clinical Service Revenues and Reimbursements	\$ 5,434,476	\$ 4,723,312
Less: Contractual Adjustments	(2,051,485)	(1,916,282)
Less: Bad Debt Expense	(189,169)	(596,711)
Net Clinical Service Revenues and Reimbursements	<u>\$ 3,193,822</u>	<u>\$ 2,210,319</u>

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3 INVESTMENTS

Investments consisted of the following at June 30:

	2018	2017
Mutual Funds and Corporate Obligations	\$ 2,438,752	\$ 2,322,920

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30:

	2018	2017
Computer Equipment and Software	\$ 2,428,103	\$ 1,669,760
Office Furniture, Fixtures, and Equipment	465,239	1,086,116
Leasehold Improvements	3,326,158	3,165,439
Mobile Medical Unit	210,000	210,000
Building	144,637	121,637
Land	1,500,001	23,000
Construction in Progress	12,736,397	-
Total Property and Equipment	20,810,535	6,275,952
Less: Accumulated Depreciation and Amortization	3,890,036	3,541,959
Property and Equipment, Net	\$ 16,920,499	\$ 2,733,993

During the years ended June 30, 2018 and 2017, depreciation and amortization was \$572,893 and \$645,450, respectively. Interest was capitalized during the year ended June 30, 2018 for approximately \$197,000.

NOTE 5 LINE OF CREDIT

CrescentCare has a secured line of credit with a financial institution. The secured line of credit has a maximum borrowing of up to \$2.5 million and is secured by CrescentCare's investments portfolio. For the years ended June 30, 2018 and 2017, the secured line of credit has a balance of \$-0- and carries interest rate of 3.84%.

NOTE 6 NEW MARKET TAX CREDIT

Holdings participates in a New Market 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% of the investment, and investors receive the tax credit over a seven-year 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.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 RELATED-PARTY TRANSACTION

Transactions between CrescentCare and Holdings are considered related-party transactions. Holdings received donations of \$1,096,023 from CrescentCare during the year ended June 30, 2018. Additionally, CrescentCare loaned approximately \$14.0 million to a financial institution which in turn, loaned \$20.5 million to Holdings.

NOTE 8 NOTES PAYABLE

During the year ended June 30, 2018, CrescentCare obtained a loan totaling \$10.0 million from a financial institution to in turn loan to CrescentCare holdings. The loan matures July 12, 2024 and carries a 6.25% interest rate. As explained in Note 6, Holdings participates in the NMTC program and 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%, and the loan matures July 13, 2047. These loans are secured by the construction in progress and other assets of Holdings and CrescentCare and are also subject to certain financial and other covenants as specified under the agreements.

Required principal payments under the various debt agreements are payable during the years ending June 30 as follows:

<u>Year Ending June 30.</u>	<u>Notes Payable</u>
2019	\$ 237,218
2020	274,720
2021	292,391
2022	311,199
2023	331,218
Thereafter	<u>29,013,254</u>
Total	<u>\$ 30,460,000</u>

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 COMMITMENTS AND CONTINGENCIES

Operating Leases

CrescentCare leased its administrative headquarters which also serves as an operational facility under a noncancelable operating lease. Starting in June 2014, the lease was a monthly renewal at \$46,500 per month. On March 2017, CrescentCare leased an additional space for its operational facility through December 2018 at a monthly rate of \$5,500. As of August 2015, CrescentCare leases another operating facility for program activities for \$1,500 per month. The lease was amended in June 2015 increasing monthly rent from \$1,500 to \$3,500 for three years expired October 2018. As of December 2016, CrescentCare was in an operating lease for a new facility at \$7,979 per month. The lease was extended for an additional year and the rent to remain the same at \$7,979 through December 2018. On March 2014, CrescentCare entered into a 60-month operating lease for a new operational facility. Monthly rent payments begin at \$26,024 and increase annually until the fifth year when they increase to \$28,895.

On October 2016, for another lease agreement for a new facility, CrescentCare amended the lease for an additional two years with an increase in monthly rent from \$1,550 to \$2,000 for the first 12 months. The rent will increase from \$2,000 to \$2,100 per month starting October 2017 through September 2018.

Future minimum lease payments under operating leases with an initial term of one year or more were as follows at June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 373,064
2020	13,750
Total Minimum Lease Payments	<u>\$ 386,814</u>

Rental expense relating to these leases was approximately \$1,161,000 and \$1,091,000 for the years ended June 30, 2018 and 2017, respectively. The lease payments are included in occupancy in the accompanying consolidated statements of functional expenses.

Legal Matters

From time to time, CrescentCare may become involved in various legal matters. Management of CrescentCare believes that there are no legal matters as of June 30, 2018 whose resolution could have a material effect on the consolidated financial statements.

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. CrescentCare 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. CrescentCare, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants and support represented approximately 92% and 93% of CrescentCare's total support and revenue for fiscal 2018 and 2017, respectively, including approximately \$23.7 million of revenues for years ended June 30, 2018 and 2017, from the 340B Program.

In addition, the balance of reimbursements receivable is comprised primarily of government grants and support at both June 30, 2018 and 2017.

CrescentCare 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 (FDIC). CrescentCare has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

NOTE 10 RETIREMENT SAVINGS PLAN

As of January 1, 2017 CrescentCare provides a 401(k) plan (the plan) to its employees. Beginning January 1, 2017, eligibility into the plan was allowed after the 90 day waiting period with quarterly entry; beginning January 1, 2018, the waiting period was one full calendar month of employment. CrescentCare provides a 3% (gross compensation) contribution to all full time employees, and in addition, if an employee contributes 2% (Gross compensation) of their salary, CrescentCare will match an additional 2%. The minimum CrescentCare will contribute is 3% and the maximum is 5%. Contributions to the Plan were approximately \$672,990 and \$309,000 and for the years ended June 30, 2018 and 2017, respectively. Note that part of the increase in contributions was significant salary survey changes that were implemented July 1, 2017.

NOTE 11 FAIR VALUE MEASUREMENTS

The fair value measurement standards establish a framework for measuring fair value, and expand disclosure about fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and lowest priority to unobservable inputs (Level 3 Measurements).

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy under the standards are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CrescentCare has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than; quoted prices that are, observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuation methodology inputs are unobservable and significant to fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Mutual Funds – Valued at the closing price reported on the active market on which the individual securities are traded or at the net asset value (NAV) of shares held at year-end as applicable.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2018 by fair value measurements valuation hierarchy:

	2018			Total
	Level 1	Level 2	Level 3	
Debt and Equity Fund:				
Conservative Allocation	\$ 1,963,154	\$ -	\$ -	\$ 1,963,154
Fixed Income Funds:				
Corporate Bonds	231,008	-	-	231,008
Alternative Investment	-	244,590	-	244,590
Total	<u>\$ 2,194,162</u>	<u>\$ 244,590</u>	<u>\$ -</u>	<u>\$ 2,438,752</u>

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2017 by fair value measurements valuation hierarchy:

	2017			Total
	Level 1	Level 2	Level 3	
Debt and Equity Fund:				
Conservative Allocation	\$ 575,860	\$ -	\$ -	\$ 575,860
Fixed Income Funds:				
Corporate Bonds	747,060	-	-	747,060
Multisector Bonds	1,000,000	-	-	1,000,000
Total	<u>\$ 2,322,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,322,920</u>

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated events through the date that the consolidated financial statements were available to be issued, December 27, 2018, and determined that no other events have occurred that require disclosure.

**CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

	NO/AIDS Task Force dba: <u>CrescentCare (1)</u>	CrescentCare Holdings, Inc. <u>7/1/17 - 12/31/17 (2)</u>	CrescentCare Holdings, Inc. <u>1/1/18 - 6/30/18 (3)</u>	<u>Eliminations (4)</u>	Total Columns (1) + (3) + (4)
ASSETS					
CURRENT ASSETS					
Cash	\$ 836,180	\$ -	\$ -	\$ -	\$ 836,180
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	7,916,754	-	-	-	7,916,754
Prepaid Expenses	376,377	-	-	-	376,377
Deposits	63,824	-	-	-	63,824
Total Current Assets	<u>9,193,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,193,135</u>
ASSETS LIMITED AS TO USE					
Held by Trustee for Reserve Fund	-	226,980	193,748	-	193,748
Held by Trustee for Project Fund	-	16,309,632	8,096,819	-	8,096,819
Total Assets Limited as to Use	<u>-</u>	<u>16,536,612</u>	<u>8,290,567</u>	<u>-</u>	<u>8,290,567</u>
INVESTMENTS AND OTHER ASSETS					
Investments	2,438,752	-	-	-	2,438,752
Receivable for 1631 Elysian Fields Project	14,027,240	-	-	-	14,027,240
Investment in Housing Partnership	400,108	-	-	-	400,108
Total Investments	<u>16,866,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,866,100</u>
BUILDINGS, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS, NET OF DEPRECIATION AND AMORTIZATION					
	<u>2,684,101</u>	<u>5,255,193</u>	<u>14,236,398</u>	<u>-</u>	<u>16,920,499</u>
Total Assets	<u>\$ 28,743,336</u>	<u>\$ 21,791,805</u>	<u>\$ 22,526,965</u>	<u>\$ -</u>	<u>\$ 51,270,301</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current Portion of Long-Term Debt	\$ 237,218	\$ -	\$ -	\$ -	\$ 237,218
Accounts Payable	2,027,480	-	-	-	2,027,480
Construction Payable	-	1,147,787	1,866,450	-	1,866,450
Accrued Payroll	370,937	-	-	-	370,937
Accrued Compensated Absences	616,666	-	-	-	616,666
Accrued Liabilities - Other	60,000	-	-	-	60,000
Total Current Liabilities	<u>3,312,301</u>	<u>1,147,787</u>	<u>1,866,450</u>	<u>-</u>	<u>5,178,751</u>
LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS					
	9,762,782	19,845,026	19,855,449	-	29,618,231
NET ASSETS					
Unrestricted	15,618,253	798,992	805,066	-	16,423,319
Temporarily Restricted	50,000	-	-	-	50,000
Total Net Assets	<u>15,668,253</u>	<u>798,992</u>	<u>805,066</u>	<u>-</u>	<u>16,473,319</u>
Total Liabilities and Net Assets	<u>\$ 28,743,336</u>	<u>\$ 21,791,805</u>	<u>\$ 22,526,965</u>	<u>\$ -</u>	<u>\$ 51,270,301</u>

**CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

	NO/AIDS Task Force dba: CrescentCare	CrescentCare Holdings, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 8,147,978	\$ -	\$ -	\$ 8,147,978
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	7,182,496	-	-	7,182,496
Prepaid Expenses	647,792	-	-	647,792
Deposits	64,324	-	-	64,324
Total Current Assets	<u>16,042,590</u>	<u>-</u>	<u>-</u>	<u>16,042,590</u>
INVESTMENTS AND OTHER ASSETS				
Investments	2,322,920	-	-	2,322,920
Receivable for 1631 Elysian Fields Project	742,040	-	-	742,040
Investment in Housing Partnership	400,108	-	-	400,108
Total Investments	<u>3,465,068</u>	<u>-</u>	<u>-</u>	<u>3,465,068</u>
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET OF DEPRECIATION AND AMORTIZATION				
	<u>2,733,993</u>	<u>-</u>	<u>-</u>	<u>2,733,993</u>
Total Assets	<u>\$ 22,241,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,241,651</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	3,159,126	\$ -	\$ -	\$ 3,159,126
Accrued Payroll	330,798	-	-	330,798
Accrued Compensated Absences	534,006	-	-	534,006
Accrued Liabilities - Other	71,615	-	-	71,615
Total Liabilities	<u>4,095,545</u>	<u>-</u>	<u>-</u>	<u>4,095,545</u>
NET ASSETS				
Unrestricted	<u>18,146,106</u>	<u>-</u>	<u>-</u>	<u>18,146,106</u>
Total Liabilities and Net Assets	<u>\$ 22,241,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,241,651</u>

CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018

	NO/AIDS Task Force dba: CrescentCare	CrescentCare Holdings, Inc. 7/1/17 - 12/31/17	CrescentCare Holdings, Inc. 1/1/18 - 6/30/18	Eliminations	Total
REVENUES AND OTHER SUPPORT					
NET CLINICAL SERVICE FEES AND REIMBURSEMENTS					
Clinical Service Revenues and Reimbursements Net of Contractual Allowances of \$2,053,221 and \$1,916,282, Respectively	\$ 3,382,991	\$ -	\$ -	\$ -	\$ 3,382,991
Less: Bad Debt Expense	(189,169)	-	-	-	(189,169)
Net Clinical Service Fees and Reimbursements	<u>3,193,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,193,822</u>
PUBLIC SUPPORT AND REVENUE:					
Grants and Contracts	38,350,778	-	-	-	38,350,778
Pledges and Contributions	468,676	-	-	-	468,676
Fundraising Events, Net	146,047	-	-	-	146,047
Investment Gain, Net	264,973	12,492	16,497	-	293,962
Other Support and Revenue	321,173	-	-	-	321,173
Total Public Support and Revenue	<u>39,551,647</u>	<u>12,492</u>	<u>16,497</u>	<u>-</u>	<u>39,580,636</u>
Total Revenues and Other Support	42,745,469	12,492	16,497	-	42,774,458
EXPENSES					
Program Services	39,662,700	-	-	-	39,662,700
Supporting Services	4,513,699	310,423	10,423	-	4,834,545
Total Expenses	<u>44,176,399</u>	<u>310,423</u>	<u>10,423</u>	<u>-</u>	<u>44,497,245</u>
CHANGE IN UNRESTRICTED NET ASSETS	(1,430,930)	(297,931)	6,074	-	(1,722,787)
INTERCOMPANY TRANSFERS	(1,096,923)	1,096,923	-	-	-
TEMPORARILY RESTRICTED CONTRIBUTION	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
CHANGE IN NET ASSETS	(2,477,853)	798,992	6,074	-	(1,672,787)
Net Assets - Beginning of Year	<u>18,146,106</u>	<u>-</u>	<u>798,992</u>	<u>-</u>	<u>18,945,098</u>
NET ASSETS - END OF YEAR	<u>\$ 15,668,253</u>	<u>\$ 798,992</u>	<u>\$ 805,066</u>	<u>\$ -</u>	<u>\$ 17,272,311</u>

**CRESCENTCARE NO/AIDS TASK FORCE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017**

	NO/AIDS Task Force dba: CrescentCare	CrescentCare Holdings, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT				
NET CLINICAL SERVICE FEES AND REIMBURSEMENTS				
Clinical Service Revenues and Reimbursements Net of Contractual Allowances of \$1,916,282 and \$1,121,469, Respectively	\$ 2,807,030	\$ -	\$ -	\$ 2,807,030
Less: Bad Debt Expense	(596,711)	-	-	(596,711)
Net Clinical Service Fees and Reimbursements	<u>2,210,319</u>	-	-	<u>2,210,319</u>
PUBLIC SUPPORT AND REVENUE:				
Grants and Contracts	38,676,344	-	-	38,676,344
Pledges and Contributions	336,924	-	-	336,924
Fundraising Events, Net	215,416	-	-	215,416
Investment Gain, Net	142,071	-	-	142,071
Other Support and Revenue	192,720	-	-	192,720
Total Public Support and Revenue	<u>39,563,475</u>	-	-	<u>39,563,475</u>
Total Revenues and Other Support	41,773,794	-	-	41,773,794
EXPENSES				
Program Services	37,235,170	-	-	37,235,170
Supporting Services	3,788,219	-	-	3,788,219
Total Expenses	<u>41,023,389</u>	-	-	<u>41,023,389</u>
CHANGE IN NET ASSETS	750,405	-	-	750,405
Net Assets - Beginning of Year	<u>17,395,701</u>	-	-	<u>17,395,701</u>
NET ASSETS - END OF YEAR	<u>\$ 18,146,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,146,106</u>

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
JUNE 30, 2018**

PURPOSE

Salary	\$ 209,141
Benefits - Insurance	11,606
Benefits - Retirement	<u>10,457</u>
Total	<u>\$ 231,204</u>



**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 Directors
NO/AIDS Task Force
dba: 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 dba: CrescentCare (CrescentCare) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, the related consolidated statements of activities and changes in net assets, functional expenses, 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 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered CrescentCare'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CrescentCare's internal control. Accordingly, we do not express an opinion on the effectiveness of CrescentCare'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 specifically 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. 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.

Board of Directors
NO/AIDS Task Force
dba: CrescentCare

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CrescentCare'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 determination of consolidated 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 CrescentCare's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CrescentCare's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 27, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
NO/AIDS Task Force
dba: CrescentCare
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited NO/AIDS Task Force dba: CrescentCare's (CrescentCare) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CrescentCare's major federal programs for the year ended June 30, 2018. CrescentCare's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CrescentCare'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 of 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 CrescentCare'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 CrescentCare's compliance.

Opinion on Each Major Federal Program

In our opinion, CrescentCare 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 June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

CrescentCare's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CrescentCare's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of CrescentCare 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 CrescentCare'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 CrescentCare'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Board of Directors
NO/AIDS Task Force
dba: CrescentCare

CrescentCare's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CrescentCare's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of CrescentCare as of and for the year ended June 30, 2018, and have issued our report thereon dated December 27, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. 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 the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 27, 2018

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants	14.218	Louisiana Department of Health and Hospitals	2000153419	\$ 147,564
Housing Opportunities for Persons with AIDS	14.241	Unity of Greater New Orleans, Inc.	LA-H160014	213,972
Housing Opportunities for Persons with AIDS	14.241	Unity of Greater New Orleans, Inc.	LA-H15-001	239,490
Housing Opportunities for Persons with AIDS	14.241	Louisiana Department of Health and Hospitals	2000324061	99,513
Housing Opportunities for Persons with AIDS	14.241	City of New Orleans Division of Housing and Neighborhood Development	HOPWA-025F	1,184,945
Total Housing Opportunities for Persons with AIDS				<u>1,737,920</u>
Continuum of Care Program	14.267	Unity of Greater New Orleans, Inc.	LA0223L6H031603	297,356
Continuum of Care Program	14.267	Unity of Greater New Orleans, Inc.	LA0250L6H031500	830,077
Continuum of Care Program	14.267	Unity of Greater New Orleans, Inc.	LA0071L6H031608	154,366
Continuum of Care Program	14.267	Unity of Greater New Orleans, Inc.	LA0086L6H031609	30,696
Total Continuum of Care Program				<u>1,312,495</u>
Total Department of Housing and Urban Development				<u>3,197,979</u>
Department of Health and Human Services				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	N/A	N/A	1,147,358
Consolidated Health Centers	93.224	N/A	N/A	1,852,224
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Unity of Greater New Orleans, Inc.	IH79SM053337-01	68,830
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	N/A	189,584
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>258,414</u>
Cancer Treatment Research	93.395	UCLA	1568 G VA058	168,142
HIV Emergency Relief Project Grants	93.914	National Association of County and City Health Officials	2017-032201	216,790
HIV Emergency Relief Project Grants	93.914	City of Baton Rouge	800001051	196,415
HIV Emergency Relief Project Grants	93.914	Boston University	4500002398	94,295
HIV Emergency Relief Project Grants	93.914	City of New Orleans	HL7122848	3,382,869
HIV Emergency Relief Project Grants	93.914	AIDS United	U69HA310670100	16,978
Total HIV Emergency Relief Project Grants				<u>3,907,347</u>
HIV Care Formula Grants	93.917	Louisiana Department of Health and Hospitals	2000245716	341,676
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	University Medical Center	EIS	11,705
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	N/A	506,654
Total Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease				<u>518,359</u>
HIV Prevention Activities Non Governmental Organization	93.939	N/A	N/A	350,000
HIV Prevention Activities Non Governmental Organization	93.939	N/A	N/A	382,362
Total HIV Prevention Activities Non Governmental Organization				<u>732,362</u>

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Federal Expenditures
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000168174	\$ 183,256
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000255091	290,826
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000168177	272,170
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000128558	214,770
Total HIV Prevention Activities Health Department Based				<u>961,022</u>
HIV Demonstration, Research, Public and Professional Education Projects	93.941	RTI International	3-312-0214934-52563L	108,235
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	Louisiana Department of Health and Hospitals	2000321406	329,803
Total Department of Health and Human Services				<u>10,324,942</u>
Total Expenditures of Federal Awards				<u>\$ 13,522,921</u>

*The Task Force did not pass-through any amounts to Subrecipients

CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of CrescentCare under programs of the federal government for the year ended June 30, 2018 for which CrescentCare is considered a subrecipient of federal awards. 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 CrescentCare, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CrescentCare. CrescentCare reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2018. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies, as applicable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to CrescentCare's consolidated financial statements for the year ended June 30, 2018. 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 basic consolidated financial statements.

NOTE 3 RELATIONSHIP TO CONSOLIDATED FINANCIAL STATEMENTS

Federal awards are included in the consolidated financial statements of CrescentCare as follows:

Expenditure of Federal Awards	\$ 13,522,921
340B Drug Pricing Program (Nonfederal)	23,647,466
Other (Nonfederal and Fee-for-Service Contracts)	<u>1,180,391</u>
Total Grants and Contracts	<u><u>\$ 38,350,778</u></u>

NOTE 4 DE MINIMIS COST RATE

During the year ended June 30, 2018, CrescentCare did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance related to federal grants due to differing funder requirements.

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.267	Continuum of Care Program
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? x yes _____ no

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Consolidated Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2018 – 001

Federal agency: U.S. Department of Health and Human Services

Federal program title: HIV Emergency Relief Project Grants

CFDA Number: 93.914

Pass-Through Agency: National Association of County and City Health Officials

Pass-Through Numbers: 2017-032201, 2017-101002

Award Period: April 1, 2017-August 31, 2017 and September 1, 2017-August 31, 2018

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, §200.430(i) Compensation—personal services* requires that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

Condition: During our testing, we noted CrescentCare charged compensation for personal services to the grant based on estimated amounts. Employees that worked part of their time on the grant completed time and effort reporting reflecting actual hours worked on the grant. Estimated amounts charged to the grant were not updated for actual time spent per the time and effort reports. Additionally, employees that worked 100% of their time on the grant did not prepare timely documentation supporting their time and effort.

Context: There were five employees charged partially to the grant whose compensation was not trued up to the time and effort reporting provided. There were three employees who worked 100% of their time on the grant and did not prepare timely documentation. The net difference in actual versus estimated compensation was not material.

Cause: Management believed the five employees partially charged to the grant were materially correct so did not adjust. Management was not aware of the requirement for employees charged 100% to the grant to provide support.

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2018 – 001 (Continued)

Effect: If amounts are not reconciled to actual time and effort reporting, over or under charging of the grant could occur.

Recommendation: We recommend CrescentCare implement time and effort reporting that is consistent throughout the organization on all grants and reconciled on a regular basis to actual amounts.

Views of responsible officials: Management will develop a more robust process around time and effort reporting to additionally include the employees who perform 100% under one grant. Additionally, management will implement a process to prevent untimely documentation of time and effort reporting.

2018 – 002

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Continuum of Care Program

CFDA Number: 14.267

Pass-Through Agency: UNITY of Greater New Orleans

Pass-Through Number: LA0250L6H031601

Award Period: December 1, 2017 – November 30, 2018

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, §200.309 *Period of Performance* requires that charges to Federal awards for may only be for allowable costs incurred during the period of performance.

Condition: The period of performance for the grant began December 1, 2017. Payroll costs which related to the payroll period beginning November 24, 2017, paid in December 2017, were charged to the grant.

Context: There were eight employees in total that were charged to the grant at varying percentages for the first payroll in December.

CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2018 – 002 (Continued)

Cause: Costs were charged to the grant based on payment date instead of the date of period of performance.

Effect: Amounts were charged to the grant outside of the period of performance for payroll costs.

Recommendation: We recommend CrescentCare adjust their procedures around charging of costs, particularly in the first or last month of a grant, to ensure only costs within the period of performance are charged.

Views of responsible officials: CrescentCare will adjust the procedures around charging of costs, particularly in the first or last month of a grant, to ensure only costs within the period of performance are charged

**CRESCENTCARE
NO/AIDS TASK FORCE**

STATEWIDE AGREED-UPON PROCEDURES

YEAR ENDED JUNE 30, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Board of Directors and
Louisiana Legislative Auditor
NO/AIDS Task Force
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of NO/AIDS Task Force (CrescentCare) and the Louisiana Legislative Auditor (LLA) (the specified parties) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. CrescentCare management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

We performed the procedures above and noted no exceptions.

- 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.

We performed the procedures above and noted no exceptions.

- c) **Disbursements** – including processing, reviewing, and approving

We performed the procedures above and noted no exceptions.

- d) **Receipts** – including receiving, recording, and preparing deposits

We performed the procedures above and noted no exceptions.

- e) **Payroll/Personnel** – including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted no exceptions.

- f) **Contracting** – including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

We performed the procedures above and noted the following exceptions.

- There is no written policy regarding types of services requiring written contracts (1).
- There is no written policy regarding the monitoring process (5).

- g) **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, and (5) monitoring card usage

We performed the procedures above and noted no exceptions

- h) **Travel and expense reimbursement** – including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedures above and noted no exceptions

- i) **Ethics** – including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Not applicable

- j) **Debt Service** – including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not Applicable

Management response:

1f) Written policies and Procedures – Contracts: CrescentCare policy requests review of professional services to ascertain if a contract is required. CrescentCare uses a checklist for monitoring contracts, but it is not outlined in our policies. Contract monitoring for grant-funded projects are included in the grant terms and conditions.

Board (or Finance Committee, if applicable)

2. These procedures were not required to be performed due to CrescentCare having no findings in LLA Statewide Agreed-Upon Procedures in Year 1.

Bank Reconciliations

3. Obtain a listing of client 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 account (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 selected each 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, electronically logged);

We performed the procedures above and noted the following exceptions:

- **There was no written evidence that the reconciliations were prepared within 2 months of the closing date and not all reconciliations were electronically logged.**
- b) Bank reconciliations include evidence that a member of management/board member (who does not handle case, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

We performed the procedures above and noted no exceptions.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We performed the procedures above and noted no exceptions.

Management response:

3a) Bank Reconciliations: CrescentCare prepares all bank reconciliations within 2 months of the related closing date but hasn't included prepared date on the reconciliation. CrescentCare does not maintain electronic bank reconciliations for all accounts. Moving forward, CrescentCare will maintain electronic copies and document dates reconciliations are prepared.

Collections

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 5 deposit sites (or all deposit sites if less than 5).

We performed the procedures above and noted no exceptions.

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. 5 collection locations for 5 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 that are responsible for cash collections do not share cash drawers/registers.

We performed the procedure above and noted the following exceptions:

- **There was no written documentation stating that the person responsible for collecting cash is not required to share the same cash register or drawer with another employee.**

- 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.

We performed the procedures above and noted no exceptions.

- 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.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

We performed the procedure above and noted the following exceptions:

- **There was no written documentation stating that the person responsible for collecting cash is bonded.**

7. Randomly select two deposit dates for each of the 5 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.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

- d) Observe that 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).

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

Management response:

5a) Cash Collection Documentation: CrescentCare collects less than \$50,000 in cash from patient services in an entire year. Considering the low risk, CrescentCare will implement more controls around cash collection documentation without exhausting resources.

6) Cash Collection Documentation: CrescentCare collects less than \$50,000 in cash from patient services in an entire year. Considering the low risk, CrescentCare had no plans of bonding any of their staff.

Non-Payroll Disbursements (excluding credit 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 5 locations (or all locations if less than 5).

We performed the procedures above and noted no exceptions.

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.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

- 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.

We performed the procedure above and noted the following exceptions:

- The employee responsible for processing payments also has the ability to add/modify vendor files, without formal review of new vendors.

- 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.

We performed the procedure above and noted the following exceptions:

- The employee responsible for processing payments also is responsible for mailing checks.

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 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statements

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

Management response:

9c) Non-Payroll Disbursements: *Moving forward, Crescent will create a more formal review process for new vendors.*

9d) Non-Payroll Disbursements: *The employee responsible for processing payments also is responsible for making a copy of the signed check before mailing. CrescentCare deems this process appropriate.*

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

- 11. 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.

We performed the procedures above and noted no exceptions.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) 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 that 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) was reviewed and approved, in writing, by someone other than the authorized cardholder. [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.]]

We performed the procedures above and noted no exceptions

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

We performed the procedures above and noted no exceptions

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, 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 that 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).

We performed the procedure above and noted the following exceptions:

- **Of the 29 transactions tested, receipts were provided for all, but 2 receipts were not itemized (1) and one receipt did not indicate the individuals participating in meals (3).**

Management response:

13) Credit Cards: *Moving forward, CrescentCare will implement more controls around credit cards to prevent, detect, and resolve similar documentation issue.*

Travel and Expense Reimbursement

14. These procedures were not required to be performed due to CrescentCare having no findings in LLA Statewide Agreed-Upon Procedures in Year 1.

Contracts

15. These procedures were not required to be performed due to CrescentCare having no findings in LLA Statewide Agreed-Upon Procedures in Year 1.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We performed the procedures above and noted no exceptions

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

We performed the procedures above and noted no exceptions

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

We performed the procedures above and noted no exceptions

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

We performed the procedures above and noted no exceptions

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

We performed the procedures above and noted no exceptions

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We performed the procedures above and noted no exceptions.

Ethics (excluding nonprofits)

20. These procedures were not required to be performed as they do not generally apply to non-profits, and do not apply to CrescentCare. In accordance with LLA SWAUPY2.

Debt Service (excluding nonprofits)

21. These procedures were not required to be performed as they do not generally apply to non-profits, and do not apply to CrescentCare. In accordance with LLA SWAUPY2.

Other

22. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedure above and noted the following:

- **Misappropriation of public funds was discovered internally and reported to the funding agency.**

23. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedures above and noted no exceptions.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on those CIC 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.

The purpose of this report is solely to describe the scope of testing performed on those CIC 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.

CrescentCare's written response to the exceptions identified in the SAUPs has not been subjected to any procedures and, accordingly, we do not express an opinion.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 27, 2018