

**NO/AIDS TASK FORCE
DBA: CRESCENTCARE**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018

**NO/AIDS TASK FORCE
DBA: CRESCENTCARE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

| | |
|--|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | 3 |
| CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS | 4 |
| CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES | 5 |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | 9 |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS | 10 |
| SUPPLEMENTARY INFORMATION | |
| CONSOLIDATING STATEMENT OF FINANCIAL POSITION | 27 |
| CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS | 29 |
| SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER | 31 |
| 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 <i>GOVERNMENT AUDITING STANDARDS</i> | 32 |
| INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 34 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 37 |
| NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 39 |
| SCHEDULES OF FINDINGS AND QUESTIONED COSTS | 40 |



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 and CrescentCare Holdings, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, 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 audits. We conducted our audits 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 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were 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 27, consolidating statement of activities and changes in net assets on page 29, schedule of compensation, benefits, and other payments to chief executive officer on page 31, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2020, 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
March 16, 2020

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

| ASSETS | 2019 | 2018 |
|---|---------------|---------------|
| CURRENT ASSETS | | |
| Cash | \$ 1,311,789 | \$ 836,180 |
| Reimbursements Receivable, Net of Allowance for Doubtful Accounts | 9,023,744 | 7,916,754 |
| Prepaid Expenses | 361,181 | 376,377 |
| Deposits | 76,519 | 63,824 |
| Total Current Assets | 10,773,233 | 9,193,135 |
| ASSETS LIMITED AS TO USE | | |
| Held by Trustee for Reserve Fund | 126,113 | 193,748 |
| Held by Trustee for Project Fund | 1,005 | 8,096,819 |
| Total Assets Limited as to Use | 127,118 | 8,290,567 |
| INVESTMENTS AND OTHER ASSETS | | |
| Investments | 3,052,601 | 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 | 17,479,949 | 16,866,100 |
| PROPERTY AND EQUIPMENT, NET OF DEPRECIATION AND AMORTIZATION | | |
| | 22,008,691 | 16,920,499 |
| Total Assets | \$ 50,388,991 | \$ 51,270,301 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Current Portion of Long-Term Debt | \$ 370,945 | \$ 237,218 |
| Accounts Payable | 3,463,001 | 2,018,898 |
| Construction Payable | 6,800 | 1,866,450 |
| Accrued Payroll | 427,601 | 370,937 |
| Accrued Compensated Absences | 647,725 | 616,666 |
| Accrued Interest | 49,083 | 52,083 |
| Accrued Liabilities - Other | 7,255 | 60,000 |
| Total Liabilities | 4,972,410 | 5,222,252 |
| LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS | | |
| | 29,628,808 | 29,618,231 |
| NET ASSETS | | |
| Without Donor Restrictions | 15,787,773 | 16,379,818 |
| With Donor Restrictions | - | 50,000 |
| Total Net Assets | 15,787,773 | 16,429,818 |
| Total Liabilities and Net Assets | \$ 50,388,991 | \$ 51,270,301 |

See accompanying Notes to Consolidated Financial Statements.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | 2018 |
|--|---------------|---------------|
| REVENUES AND OTHER SUPPORT | | |
| NET CLINICAL SERVICE FEES AND REIMBURSEMENT | | |
| Clinical Service Revenues and Reimbursements Net of Contractual Adjustments of \$1,035,483 and \$2,053,221, Respectively | \$ 4,643,337 | \$ 3,382,991 |
| Less: Bad Debt Expense | (336,755) | (189,169) |
| Net Clinical Service Fees and Reimbursements | 4,306,582 | 3,193,822 |
| PUBLIC SUPPORT AND REVENUE | | |
| Grants and Contracts | 42,744,063 | 38,350,778 |
| Pledges and Contributions | 1,372,527 | 468,676 |
| Fundraising Events, Net | 92,267 | 146,047 |
| Investment Gain, Net | 349,128 | 293,962 |
| Other Support and Revenue | 155,128 | 277,672 |
| Total Public Support and Revenue | 44,713,113 | 39,537,135 |
| Total Revenues and Other Support | 49,019,695 | 42,730,957 |
| EXPENSES | | |
| Program Services | 44,890,379 | 39,662,700 |
| Supporting Services | 4,771,361 | 4,834,545 |
| Total Expenses | 49,661,740 | 44,497,245 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (642,045) | (1,766,288) |
| RESTRICTED CONTRIBUTION | - | 50,000 |
| CHANGE IN NET ASSETS | (642,045) | (1,716,288) |
| Net Assets - Beginning of Year | 16,429,818 | 18,146,106 |
| NET ASSETS - END OF YEAR | \$ 15,787,773 | \$ 16,429,818 |

See accompanying Notes to Consolidated Financial Statements.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

| | Program Services | | | | | | | |
|--|---------------------|-------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | Education | Primary Medical Care | Case Management | Dental | Behavioral Health | Food for Friends | Housing Support | |
| SALARIES AND RELATED EXPENSES | | | | | | | | |
| Salaries | \$ 1,481,982 | \$ 5,943,517 | \$ 2,313,408 | \$ 551,468 | \$ 929,614 | \$ 131,537 | \$ 824,893 | \$ 709,917 |
| Employee Health and Benefits | 348,636 | 1,398,250 | 544,229 | 129,733 | 218,692 | 30,944 | 194,056 | 167,008 |
| Payroll Taxes | 113,372 | 454,679 | 176,976 | 42,187 | 71,115 | 10,063 | 63,104 | 54,309 |
| Total Salaries and Related Expenses | <u>1,943,990</u> | <u>7,796,446</u> | <u>3,034,613</u> | <u>723,388</u> | <u>1,219,421</u> | <u>172,544</u> | <u>1,082,053</u> | <u>931,234</u> |
| OTHER EXPENSES | | | | | | | | |
| Fees and Contract Expenses | 29,355 | 370,535 | 108,017 | 462,814 | 305,047 | 23,745 | 7,523 | 19,058 |
| Supplies and Materials | 295,789 | 465,552 | 37,960 | 97,143 | 25,446 | 309,516 | 3,453 | 4,926 |
| Telephone | 37,044 | 120,913 | 44,763 | 4,265 | 13,670 | 3,365 | 8,627 | 20,865 |
| Postage | 2,293 | 3,548 | 9,422 | 402 | 801 | 176 | 1,191 | 25 |
| Occupancy | 90,851 | 367,310 | 132,332 | 51,151 | 31,129 | 36,309 | 52,046 | 26,134 |
| Equipment Cost | 64,031 | 148,729 | 78,835 | 7,116 | 33,326 | 11,203 | 23,476 | 55,463 |
| Transportation | 5,244 | 4,443 | 13,189 | - | 1,805 | 2,814 | 34,305 | 24,879 |
| Conference | 69,611 | 58,366 | 30,839 | 1,999 | 6,723 | 647 | 959 | 3,298 |
| Client Assistance | 5,555 | 209,065 | 416,456 | 415 | 11,905 | 168 | 566 | 2,807,768 |
| Medication | - | 17,035 | - | - | - | - | - | - |
| Insurance | 23,541 | 53,757 | 40,509 | 6,406 | 14,468 | 2,592 | 10,045 | 9,838 |
| Lab Tests | 46,611 | 583,574 | 16,018 | - | - | - | - | - |
| Advertising and Community Support | 2,820 | 161,646 | 1,867 | 248 | 1,019 | 10,773 | 607 | 605 |
| Continuing Education | 1,686 | 17,342 | 254 | 12,216 | 2,914 | 3,124 | 150 | 1,119 |
| Software and Technology | 47,632 | 531,953 | 109,063 | 12,424 | 85,904 | 4,141 | 45,613 | 15,647 |
| Miscellaneous | 9,185 | 22,527 | 394 | 13 | 2,003 | 156 | 720 | 24 |
| Total Other Expenses | <u>731,248</u> | <u>3,136,295</u> | <u>1,039,918</u> | <u>656,612</u> | <u>536,160</u> | <u>408,729</u> | <u>189,281</u> | <u>2,989,649</u> |
| Expenses Before Depreciation, Amortization and Interest | 2,675,238 | 10,932,741 | 4,074,531 | 1,380,000 | 1,755,581 | 581,273 | 1,271,334 | 3,920,883 |
| Depreciation and Amortization | 152,356 | 368,284 | 223,240 | 43,009 | 96,863 | 17,406 | 58,649 | 74,668 |
| Interest | 94,310 | 227,971 | 138,187 | 26,623 | 59,959 | 10,774 | 36,304 | 46,220 |
| Total Expenses | <u>\$ 2,921,904</u> | <u>\$ 11,528,996</u> | <u>\$ 4,435,958</u> | <u>\$ 1,449,632</u> | <u>\$ 1,912,403</u> | <u>\$ 609,453</u> | <u>\$ 1,366,287</u> | <u>\$ 4,041,771</u> |

See accompanying Notes to Consolidated Financial Statements.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2019

| | Program Services | | | Supporting Services | | | Total Expenses |
|--|----------------------|-------------------|----------------------|------------------------|-------------------|---------------------|----------------------|
| | Medication | Legal Services | Total | Management and General | Fund Raising | Total | |
| SALARIES AND RELATED EXPENSES | | | | | | | |
| Salaries | \$ 79,888 | \$ 421,305 | \$ 13,387,529 | \$ 2,373,201 | \$ 125,594 | \$ 2,498,795 | \$ 15,886,324 |
| Employee Health and Benefits | 18,794 | 99,112 | 3,149,454 | 558,296 | 29,546 | 587,842 | 3,737,296 |
| Payroll Taxes | 6,111 | 32,230 | 1,024,146 | 181,550 | 9,608 | 191,158 | 1,215,304 |
| Total Salaries and Related Expenses | <u>104,793</u> | <u>552,647</u> | <u>16,479,076</u> | <u>3,113,047</u> | <u>164,748</u> | <u>3,277,795</u> | <u>19,756,871</u> |
| OTHER EXPENSES | | | | | | | |
| Fees and Contract Expenses | 377 | 3,957 | 1,330,428 | 321,329 | 2,296 | 323,625 | 1,654,053 |
| Supplies and Materials | 311 | 7,326 | 1,247,422 | 14,560 | 3,766 | 18,326 | 1,265,748 |
| Telephone | 1,652 | 9,965 | 265,129 | 43,232 | 3,663 | 46,895 | 312,024 |
| Postage | 57 | 489 | 18,404 | 7,119 | 1,010 | 8,129 | 26,533 |
| Occupancy | 3,928 | 18,549 | 809,739 | 215,937 | 8,300 | 224,237 | 1,033,976 |
| Equipment Cost | 2,181 | 8,508 | 432,868 | 72,156 | 5,132 | 77,288 | 510,156 |
| Transportation | - | 2,558 | 89,237 | 3,703 | 375 | 4,078 | 93,315 |
| Conference | 1,495 | 164 | 174,101 | 50,378 | 1,921 | 52,299 | 226,400 |
| Client Assistance | 63 | 381 | 3,452,342 | 1,727 | 125 | 1,852 | 3,454,194 |
| Medication | 15,818,746 | - | 15,835,781 | - | - | - | 15,835,781 |
| Insurance | 977 | 7,348 | 169,481 | 27,326 | 1,935 | 29,261 | 198,742 |
| Lab Tests | - | - | 646,203 | - | - | - | 646,203 |
| Advertising and Community Support | 66 | 306 | 179,957 | 39,208 | 90,300 | 129,508 | 309,465 |
| Continuing Education | - | - | 38,805 | 19,400 | - | 19,400 | 58,205 |
| Software and Technology | 1,452 | 17,045 | 870,874 | 42,943 | 30,090 | 73,033 | 943,907 |
| Miscellaneous | 3 | 2,272 | 37,297 | 173,609 | 1,238 | 174,847 | 212,144 |
| Total Other Expenses | <u>15,831,308</u> | <u>78,868</u> | <u>25,408,787</u> | <u>1,032,627</u> | <u>150,151</u> | <u>1,182,778</u> | <u>26,591,565</u> |
| Expenses Before Depreciation, Amortization and Interest | 15,936,101 | 631,515 | 43,159,197 | 4,145,674 | 314,899 | 4,460,573 | 47,619,770 |
| Depreciation and Amortization | 6,559 | 28,252 | 1,069,286 | 178,970 | 12,992 | 191,962 | 1,261,248 |
| Interest | 4,060 | 17,488 | 661,896 | 110,784 | 8,042 | 118,826 | 780,722 |
| Total Expenses | <u>\$ 15,946,720</u> | <u>\$ 677,255</u> | <u>\$ 44,890,379</u> | <u>\$ 4,435,428</u> | <u>\$ 335,933</u> | <u>\$ 4,771,361</u> | <u>\$ 49,661,740</u> |

See accompanying Notes to Consolidated Financial Statements.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
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.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
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.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

| | 2019 | 2018 |
|---|--------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (642,045) | \$ (1,716,288) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 1,261,246 | 572,893 |
| Amortization of Issuance Costs | 20,847 | 20,846 |
| Loss on Disposition of Property and Equipment | 46,505 | 43,501 |
| Net Gain on Investments | (63,296) | (8,628) |
| Changes in Assets and Liabilities: | | |
| Reimbursements Receivable | (1,106,990) | (734,258) |
| Prepaid Expenses | 15,196 | 271,415 |
| Deposits | (12,695) | 500 |
| Accounts Payable | 1,444,103 | (1,137,228) |
| Accrued Expenses | 31,978 | 160,267 |
| Net Cash Provided (Used) by Operating Activities | 994,849 | (2,526,980) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (8,255,593) | (12,936,450) |
| Purchase of Investments | (3,509,871) | (1,532,204) |
| Net Change in Assets Limited as to Use | 8,163,449 | (8,290,567) |
| Expenditures on 1631 Elysian Fields Project | - | (13,285,200) |
| Proceeds from Sale of Investments | 2,959,318 | 1,425,000 |
| Net Cash Used by Investing Activities | (642,697) | (34,619,421) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuances of Long-Term Debt and Capital Leases, Net of Financing Costs | 358,819 | 29,834,603 |
| Principal Payments on Long-Term Debt and Capital Leases | (235,362) | - |
| Net Cash Provided by Financing Activities | 123,457 | 29,834,603 |
| NET CHANGE IN CASH | 475,609 | (7,311,798) |
| Cash - Beginning of Year | 836,180 | 8,147,978 |
| CASH - END OF YEAR | \$ 1,311,789 | \$ 836,180 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for Interest | \$ 886,024 | \$ 771,816 |
| Equipment Acquired Under Capital Lease | \$ 358,819 | \$ - |

See accompanying Notes to Consolidated Financial Statements.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NO/AIDS Task Force dba: CrescentCare is a nonprofit organization. NO/AIDS Task Force dba: CrescentCare was founded in 1983 in response to the early devastating effects of the AIDS epidemic in the New Orleans area. The services provided grew organically in response to the needs of our patients. In response to the community need for health care in post-Hurricane Katrina New Orleans, and the opportunities under the Affordable Care Act, the agency expanded its mission and services when it became a Federally Qualified Health Center (FQHC) in 2013. CrescentCare's mission is to offer comprehensive health and wellness services to the community, to advocate empowerment, to safeguard the right and dignity of individuals, and to provide for an enlightened public.

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 opened in December 2018 to serve as the headquarters and clinic operations of CrescentCare. CrescentCare is the sole shareholder of Holdings. The new facility had a final cost of approximately \$23 million and Gulf Coast Housing Partnership (GCHP) served as the Developer and Project Manager. Financing for the facility was 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:

Education and Prevention

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

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Education & Prevention (Continued)

Prevention staff provides HIV, HCV (Hepatitis C), and STI testing at satellite locations as well as at community locations such as 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'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 two clinics which provide comprehensive medical care to more than 13,934 individuals and over 71,317 visits in 2019. Clinics services range from adult primary medical care, women's health, transgender health, pediatrics, dental, and medical nutrition therapy. CrescentCare accepts most insurance plans and offers a sliding fee scale for those who meet the financial and household requirements.

Dental

CrescentCare offers comprehensive dental services.

Case Management

CrescentCare provides various levels of case management to all of its clients. CrescentCare provides case managers who connect clients with community resources.

Behavioral Health

CrescentCare offers behavioral health counseling, substance use counseling, and psychiatry to any individual receiving medical care at a CrescentCare site. In addition, CrescentCare offers behavioral health services to individuals not receiving primary medical care at CrescentCare if the individual has an HIV diagnosis.

Food for Friends

CrescentCare operates its Food For Friends program which serves home-delivered meals to patients and provides a food pantry. CrescentCare operates a commercial kitchen in partnership with the First Unitarian Universalist Church of New Orleans that serves approximately 170 HIV and cancer clients that are homebound due to their severe illness and have no other access to food. CrescentCare also started a food pantry service for those clients who are able to prepare their own meals but do not have the resources to meet their nutritional needs. These individuals are unable to afford the food and personal care items needed to help maintain their health. Clients accessing food pantry services receives two bags per month of groceries, personal, and household items (approximately 40 lbs.). The food pantry serves an average of 400 clients per month with a total of 18,000 grocery bags distributed annually.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Housing and Housing Support Services

CrescentCare provides assistance to those living with HIV and who are chronically homeless to obtain acceptable and affordable housing. CrescentCare is funded to provide Case Management and support services to individuals living with HIV/AIDS in the Houma/Thibodeaux area.

The Permanent Supportive Housing – Mental Health Rehabilitation Program

The Mental Health Rehabilitation Program assists persons with significant disabilities to obtain and maintain housing in the community. Individuals are case managed and support is tailored to each one's needs. 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 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. CrescentCare contracts with several local pharmacies for the 340B program. The intent of the 340B program is to permit the covered entity to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Insurance reimbursement revenues of \$26,634,843 and \$23,689,419 and related expenses of \$14,990,017 and \$13,001,317 were recognized in 2019 and 2018, 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.

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.

Legal Services

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

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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 net assets without donor restrictions or net assets with donor restrictions, 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 contributions with donor restrictions. At June 30, 2019 and 2018, CrescentCare had \$-0- and \$50,000, respectively, in net assets with donor restrictions.

CrescentCare reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions or net assets with donor restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 and Holdings are 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 the 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.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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, 2019 and 2018.

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 net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 net assets with donor restrictions. Dividends, interest and realized and unrealized gains and losses absent restriction are reported as increases and decreases in net assets without donor restrictions. All components of investment returns 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, 2019 and 2018.

| | |
|---|--------------|
| 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 support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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 2019, CrescentCare did not make any changes to investment in subsidiary. The balance remains \$400,108 as of June 30, 2019 and 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 2019 and 2018, 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 was \$41,835 for the years ended June 30, 2019 and 2018 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, 2019 and 2018, advertising costs related to fundraising was \$149,902 and \$74,624, respectively.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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 consolidated statements of operation. 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 \$583,704, respectively, and amortization was \$20,847 and \$20,846, respectively, for the years ended June 30, 2019 and 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.

Net Assets

Net assets are classified into two separate categories based on the existence or absence of donor-imposed restrictions. In the consolidated financial statements, net assets that have similar characteristics have been combined into categories as follows:

Net Assets Without Donor Restriction – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements – ASU 2016-14

During the year ended June 30, 2019, the CrescentCare adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions). The adoption of this accounting standard did not have an impact on CrescentCare's financial position or changes in its net assets.

Recently Issued Accounting Guidance

In May 2014, the FASB issued changes to the accounting requirements for recognizing revenue from contracts with customers. These changes created a comprehensive framework for entities in all industries to apply in determination of when to recognize revenue, and therefore supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to provide a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this principle, an entity will apply the following steps: (i) identify the contract(s), (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. These changes are effective for fiscal years beginning after December 15, 2018. Management is evaluating the potential impact of these changes on CrescentCare's consolidated financial statements.

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and financing leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standards. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The amendments in the guidance are effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on CrescentCare's consolidated financial statements.

Reclassifications

Certain items in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on CrescentCare's overall net position.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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.

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 12% and 62%, respectively, of CrescentCare net clinical revenue for the year ended June 30, 2019, and 35% and 26%, respectively, of CrescentCare net clinical revenue, for the year ended June 30, 2018. 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, 2019. 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>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Clinical Service Revenues and Reimbursements | \$ 5,678,820 | \$ 5,434,476 |
| Less: Contractual Adjustments | (1,035,483) | (2,051,485) |
| Less: Bad Debt Expense | (336,755) | (189,169) |
| Net Clinical Service Revenues and Reimbursements | <u>\$ 4,306,582</u> | <u>\$ 3,193,822</u> |

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 INVESTMENTS

Investments consisted of the following at June 30:

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Mutual Funds and Corporate Obligations | <u>\$ 3,052,601</u> | <u>\$ 2,438,752</u> |

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30:

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Computer Equipment and Software | \$ 3,336,958 | \$ 2,428,103 |
| Office Furniture, Fixtures, and Equipment | 327,407 | 465,239 |
| Leasehold Improvements | 2,930,511 | 3,326,158 |
| Mobile Medical Unit | 210,000 | 210,000 |
| Building | 16,891,765 | 144,637 |
| Land | 1,500,001 | 1,500,001 |
| Construction in Progress | - | 12,736,397 |
| Total Property and Equipment | <u>25,196,642</u> | <u>20,810,535</u> |
| Less: Accumulated Depreciation and Amortization | <u>3,187,951</u> | <u>3,890,036</u> |
| Property and Equipment, Net | <u>\$ 22,008,691</u> | <u>\$ 16,920,499</u> |

During the years ended June 30, 2019 and 2018, depreciation and amortization was \$1,261,248 and \$572,893, respectively. Interest was capitalized during the year ended June 30, 2019 for approximately \$102,000.

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, 2019 and 2018, the secured line of credit has a balance of \$-0- and carries interest rate of 4.15% and 3.84%, respectively.

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.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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. Upon completion of the project, approximately \$492,000 of excess funds were transferred from Holdings to CrescentCare. CrescentCare and Holdings entered into a rental agreement in which CrescentCare rents the new facility from Holdings for \$277,313 per year from January 1, 2019 – December 31, 2024, increasing to \$610,359 for the year ended December 31, 2024, increasing to \$1,076,625 per year from January 1, 2025 – December 31, 2046, and decreasing to \$628,031 for the year ended December 31, 2047. The payments between CrescentCare and Holdings are eliminated on the consolidated statements of activities and changes in net assets.

NOTE 8 LONG-TERM LIABILITIES

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> |
|--|-----------------------------|
| 2020 | \$ 274,720 |
| 2021 | 292,391 |
| 2022 | 311,199 |
| 2023 | 331,218 |
| 2024 | 331,218 |
| Thereafter | <u>28,748,747</u> |
| Total | 30,289,493 |
| Less: Unamortized Debt Issuance Costs | (583,704) |
| Total, Net Unamortized Debt Issuance Costs | <u><u>\$ 29,705,789</u></u> |

NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Obligations

CrescentCare leases computers under capital leases. The following is a schedule of the future minimum lease payments together with the present value thereof:

| <u>Year Ending June 30,</u> | <u>Capital Leases</u> |
|---|---------------------------|
| 2020 | \$ 108,738 |
| 2021 | 108,738 |
| 2022 | 88,062 |
| 2023 | 11,230 |
| Less: Amount Representing Interest | (22,804) |
| Present Value of Net Minimum Lease Payments | <u>293,964</u> |
| Current Portion | (96,225) |
| Long-Term Obligation under Capital Leases | <u><u>\$ 197,739</u></u> |

The capital lease obligation is collateralized by the related property. The net book value of the property under the capital leases as of June 30 is summarized as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|--------------------------|--------------------|
| Capital Lease | 358,819 | - |
| Less: Accumulated Depreciation | (64,855) | - |
| Net Book Value | <u><u>\$ 293,964</u></u> | <u><u>\$ -</u></u> |

NOTE 9 COMMITMENTS AND CONTINGENCIES

Operating Leases

CrescentCare leased its administrative headquarters which also serves as an operational facility under a noncancelable operating lease. In 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. CrescentCare entered into an extension on this lease for an additional three year option. The monthly rent payments increased to \$33,907.

Future minimum lease payments under operating leases with an initial term of one year or more were as follows at June 30, 2019:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------|----------------------------|
| 2020 | \$ 420,628 |
| 2021 | 406,878 |
| 2022 | 271,252 |
| Total Minimum Lease Payments | <u><u>\$ 1,098,758</u></u> |

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Rental expense relating to these leases was approximately \$1,006,000 and \$1,161,000 for the years ended June 30, 2019 and 2018, 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, 2019 whose resolution could have a material effect on the consolidated financial statements.

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 91% and 92% of CrescentCare's total support and revenue for fiscal 2019 and 2018, respectively, including approximately \$26.6 million and \$23.7 million, respectively, of revenues for years ended June 30, 2019 and 2018, from the 340B Program.

In addition, the balance of reimbursements receivable is comprised primarily of government grants and support at both June 30, 2019 and 2018.

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 has offered a defined contribution 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. Effective January 1, 2019, the Plan was amended and the waiting period was changed from one month to six months, with entry dates of January 1 and July 1 of each year. CrescentCare may elect to make a qualified matching contribution or profit sharing contribution to the Plan. The Company matching contribution was 2% of a participant's eligible compensation deferred for the year ended December 31, 2018. The Company also made a safe harbor non-elective contribution of 3% of eligible compensation to participants for 2018. Contributions to the Plan were \$697,703 and \$672,990 for the years ended June 30, 2019 and 2018, respectively.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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).

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.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018 by fair value measurements valuation hierarchy:

| | 2019 | | | Total |
|-------------------------------|---------------------|------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | |
| Debt and Equity Fund: | | | | |
| Conservative Allocation | \$ 3,042,030 | \$ - | \$ - | \$ 3,042,030 |
| Fixed Income Funds: | | | | |
| Real Estate Investment Trusts | - | 10,571 | - | 10,571 |
| Total | <u>\$ 3,042,030</u> | <u>\$ 10,571</u> | <u>\$ -</u> | <u>\$ 3,052,601</u> |

| | 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> |

NOTE 12 LIQUIDITY AND AVAILABILITY

CrescentCare invests cash in excess of short-term requirements in short-term investments.

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

| | 2019 | 2018 |
|--|----------------------|---------------------|
| Financial Assets at Year-End: | | |
| Cash | \$ 1,311,789 | \$ 836,180 |
| Reimbursements Receivable, Net of Allowance for Doubtful Accounts | 9,023,744 | 7,916,754 |
| Deposits | 76,519 | 63,824 |
| | <u>\$ 10,412,052</u> | <u>\$ 8,816,758</u> |

CrescentCare has assets limited as to use for debt service. These assets limited as to use are not available for general expenditure within the next year and are not reflected in the amounts above.

NO/AIDS TASK FORCE DBA: CRESCENTCARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated events through the date that the consolidated financial statements were available to be issued, March 16, 2020, and determined that no other events have occurred that require disclosure.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

| | NO/AIDS Task Force dba: CrescentCare | CrescentCare Holdings, Inc. | Eliminations | Total |
|---|---|--------------------------------|--------------|----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 1,202,926 | \$ 108,863 | \$ - | \$ 1,311,789 |
| Reimbursements Receivable, Net of Allowance for Doubtful Accounts | 9,023,744 | - | - | 9,023,744 |
| Prepaid Expenses | 359,966 | 1,215 | - | 361,181 |
| Deposits | 76,519 | - | - | 76,519 |
| Total Current Assets | <u>10,663,155</u> | <u>110,078</u> | <u>-</u> | <u>10,773,233</u> |
| ASSETS LIMITED AS TO USE | | | | |
| Held by Trustee for Reserve Fund | - | 126,113 | - | 126,113 |
| Held by Trustee for Project Fund | - | 1,005 | - | 1,005 |
| Total Assets Limited as to Use | <u>-</u> | <u>127,118</u> | <u>-</u> | <u>127,118</u> |
| INVESTMENTS AND OTHER ASSETS | | | | |
| Investments | 3,052,601 | - | - | 3,052,601 |
| Receivable for 1631 Elysian Fields Project | 14,027,240 | - | - | 14,027,240 |
| Investment in Housing Partnership | 400,108 | - | - | 400,108 |
| Total Investments | <u>17,479,949</u> | <u>-</u> | <u>-</u> | <u>17,479,949</u> |
| BUILDINGS, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS, NET OF DEPRECIATION AND AMORTIZATION | | | | |
| | <u>2,682,218</u> | <u>19,326,473</u> | <u>-</u> | <u>22,008,691</u> |
| Total Assets | <u>\$ 30,825,322</u> | <u>\$ 19,563,669</u> | <u>\$ -</u> | <u>\$ 50,388,991</u> |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES | | | | |
| Current Portion of Long-Term Debt | \$ 370,945 | \$ - | \$ - | \$ 370,945 |
| Accounts Payable | 3,463,001 | - | - | 3,463,001 |
| Construction Payable | - | 6,800 | - | 6,800 |
| Accrued Payroll | 427,601 | - | - | 427,601 |
| Accrued Compensated Absences | 647,725 | - | - | 647,725 |
| Accrued Interest | 49,083 | - | - | 49,083 |
| Accrued Liabilities - Other | 7,255 | - | - | 7,255 |
| Total Current Liabilities | <u>4,965,610</u> | <u>6,800</u> | <u>-</u> | <u>4,972,410</u> |
| LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS | | | | |
| | 9,752,512 | 19,876,296 | - | 29,628,808 |
| NET ASSETS | | | | |
| Without Donor Restrictions | 16,107,200 | (319,427) | - | 15,787,773 |
| With Donor Restrictions | - | - | - | - |
| Total Net Assets | <u>16,107,200</u> | <u>(319,427)</u> | <u>-</u> | <u>15,787,773</u> |
| Total Liabilities and Net Assets | <u>\$ 30,825,322</u> | <u>\$ 19,563,669</u> | <u>\$ -</u> | <u>\$ 50,388,991</u> |

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

| | NO/AIDS Task Force dba: CrescentCare (1) | CrescentCare Holdings, Inc. 7/1/17 - 12/31/17 | CrescentCare Holdings, Inc. 1/1/18 - 6/30/18 (3) | Eliminations (4) | 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 1831 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> |
| 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 | 2,018,898 | - | - | - | 2,018,898 |
| 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 Interest | 52,083 | - | - | - | 52,083 |
| Accrued Liabilities - Other | 60,000 | - | - | - | 60,000 |
| Total Current Liabilities | <u>3,355,802</u> | <u>1,147,787</u> | <u>1,866,450</u> | <u>-</u> | <u>5,222,252</u> |
| LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS | | | | | |
| | <u>9,762,782</u> | <u>19,845,026</u> | <u>19,855,449</u> | <u>-</u> | <u>29,618,231</u> |
| NET ASSETS | | | | | |
| Without Donor Restrictions | 15,574,752 | 798,992 | 805,066 | - | 16,379,818 |
| With Donor Restrictions | 50,000 | - | - | - | 50,000 |
| Total Net Assets | <u>15,624,752</u> | <u>798,992</u> | <u>805,066</u> | <u>-</u> | <u>16,429,818</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> |

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019**

| | 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 Adjustments of \$1,035,483 | \$ 4,643,337 | \$ - | \$ - | \$ 4,643,337 |
| Less: Bad Debt Expense | (336,755) | - | - | (336,755) |
| Net Clinical Service Fees and Reimbursements | 4,306,582 | - | - | 4,306,582 |
| PUBLIC SUPPORT AND REVENUE: | | | | |
| Grants and Contracts | 42,744,063 | - | - | 42,744,063 |
| Pledges and Contributions | 1,372,527 | - | - | 1,372,527 |
| Fundraising Events, Net | 92,267 | - | - | 92,267 |
| Investment Gain, Net | 333,819 | 15,309 | - | 349,128 |
| Other Support and Revenue | 155,128 | 208,985 | (208,985) | 155,128 |
| Total Public Support and Revenue | 44,697,804 | 224,294 | (208,985) | 44,713,113 |
| Total Revenues and Other Support | 49,004,386 | 224,294 | (208,985) | 49,019,695 |
| EXPENSES | | | | |
| Program Services | 45,061,766 | - | (171,387) | 44,890,379 |
| Supporting Services | 3,951,759 | 857,200 | (37,598) | 4,771,361 |
| Total Expenses | 49,013,525 | 857,200 | (208,985) | 49,661,740 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (9,139) | (632,906) | - | (642,045) |
| EQUITY TRANSFER | 491,587 | (491,587) | - | - |
| CHANGE IN NET ASSETS | 482,448 | (1,124,493) | - | (642,045) |
| Net Assets - Beginning of Year | 15,624,752 | 805,066 | - | 16,429,818 |
| NET ASSETS - END OF YEAR | <u>\$ 16,107,200</u> | <u>\$ (319,427)</u> | <u>\$ -</u> | <u>\$ 15,787,773</u> |

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
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 Adjustments of \$2,053,221 | \$ 3,382,991 | \$ - | \$ - | \$ - | \$ 3,382,991 |
| Less: Bad Debt Expense | (189,169) | - | - | - | (189,169) |
| Net Clinical Service Fees and Reimbursements | 3,193,822 | - | - | - | 3,193,822 |
| 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 | 277,672 | - | - | - | 277,672 |
| Total Public Support and Revenue | 39,508,146 | 12,492 | 16,497 | - | 39,537,135 |
| Total Revenues and Other Support | 42,701,968 | 12,492 | 16,497 | - | 42,730,957 |
| EXPENSES | | | | | |
| Program Services | 39,662,700 | - | - | - | 39,662,700 |
| Supporting Services | 4,513,699 | 310,423 | 10,423 | - | 4,834,545 |
| Total Expenses | 44,176,399 | 310,423 | 10,423 | - | 44,497,245 |
| CHANGE IN UNRESTRICTED NET ASSETS | (1,474,431) | (297,931) | 6,074 | - | (1,766,288) |
| INTERCOMPANY TRANSFERS | (1,096,923) | 1,096,923 | - | - | - |
| RESTRICTED CONTRIBUTION | 50,000 | - | - | - | 50,000 |
| CHANGE IN NET ASSETS | (2,521,354) | 798,992 | 6,074 | - | (1,716,288) |
| Net Assets - Beginning of Year | 18,146,106 | - | 798,992 | - | 18,146,106 |
| NET ASSETS - END OF YEAR | <u>\$ 15,624,752</u> | <u>\$ 798,992</u> | <u>\$ 805,066</u> | <u>\$ -</u> | <u>\$ 16,429,818</u> |

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
JUNE 30, 2019**

AGENCY HEAD NAME: NOEL TWILBECK, CHIEF EXECUTIVE OFFICER

PURPOSE

| | |
|-----------------------|--------------------------|
| Salary | \$ 209,141 |
| Benefits - Insurance | 14,564 |
| Benefits - Retirement | <u>10,457</u> |
| Total | <u><u>\$ 234,162</u></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, 2019, 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 March 16, 2020.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-002.

CrescentCare's Response to Findings

CrescentCare's response to the 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 the consolidated financial statements and, accordingly, we express no opinion on it.

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
March 16, 2020



**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, 2019. 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, 2019.

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 2019-003. 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-003, 2019-004, and 2019-005 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-006 to be a significant deficiency.

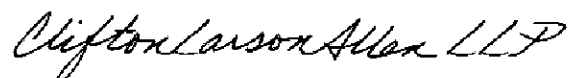
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material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

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, 2019, and have issued our report thereon dated March 16, 2020, 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
March 16, 2020

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

| 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 | 177,935 |
| Housing Opportunities for Persons with AIDS | 14.241 | Unity of Greater New Orleans, Inc. | LA-H160014 | 275,818 |
| Housing Opportunities for Persons with AIDS | 14.241 | Unity of Greater New Orleans, Inc. | LA-H15-001 | 284,825 |
| Housing Opportunities for Persons with AIDS | 14.241 | Louisiana Department of Health and Hospitals | 2000374889 | 133,832 |
| Housing Opportunities for Persons with AIDS | 14.241 | City of New Orleans Division of Housing and Neighborhood Development | HOPWA-026E | 1,286,039 |
| Total Housing Opportunities for Persons with AIDS | | | | <u>1,980,514</u> |
| Continuum of Care Program | 14.267 | Unity of Greater New Orleans, Inc. | LA0223L6H031704 | 430,987 |
| Continuum of Care Program | 14.267 | Unity of Greater New Orleans, Inc. | LA0250L6H031702 | 1,075,760 |
| Total Continuum of Care Program | | | | <u>1,506,747</u> |
| Total Department of Housing and Urban Development | | | | <u>3,685,196</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 | 1,338,493 |
| Consolidated Health Centers | 93.224 | N/A | N/A | 1,820,037 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | Unity of Greater New Orleans, Inc. | IH79SM053337-01 | 73,420 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | N/A | N/A | 476,197 |
| Total Substance Abuse and Mental Health Services Projects of Regional and National Significance | | | | <u>549,617</u> |
| Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment | 93.266 | University of Washington | PSA-11-2019 | 6,351 |
| Cancer Treatment Research | 93.395 | UCLA | 1568 G VA058 | 118,574 |
| HIV Emergency Relief Project Grants | 93.914 | National Association of County and City Health Officials | 2018-091303 | 197,210 |
| HIV Emergency Relief Project Grants | 93.914 | City of Baton Rouge | 800001051 | 168,257 |
| HIV Emergency Relief Project Grants | 93.914 | Boston University | 4500002792 | 89,428 |
| HIV Emergency Relief Project Grants | 93.914 | City of New Orleans | HL9149208 | 3,314,643 |
| HIV Emergency Relief Project Grants | 93.914 | AIDS United | U69HA310670100 | 162,848 |
| Total HIV Emergency Relief Project Grants | | | | <u>3,932,386</u> |
| HIV Care Formula Grants | 93.917 | Louisiana Department of Health and Hospitals | 2000374889 | 478,865 |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | 93.918 | University Medical Center | EIS | 12,541 |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | 93.918 | N/A | N/A | 686,577 |
| | | | | <u>699,118</u> |
| Special Projects of National Significance | 93.928 | N/A | N/A | 170,893 |
| HIV Prevention Activities: Non Governmental Organization | 93.939 | N/A | N/A | 698,306 |

**NO/AIDS TASK FORCE DBA: CRESCENTCARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

| 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 | 175,607 |
| HIV Prevention Activities Health Department Based | 93.940 | Louisiana Department of Health and Hospitals | 2000255091 | 379,445 |
| HIV Prevention Activities Health Department Based | 93.940 | Louisiana Department of Health and Hospitals | 2000168177 | 221,345 |
| HIV Prevention Activities Health Department Based | 93.940 | Louisiana Department of Health and Hospitals | 2000128558 | 204,480 |
| | | | | <u>980,877</u> |
| HIV Demonstration, Research, Public and Professional Education Projects | 93.941 | RTI International | 3-312-0214934-52563L | 116,912 |
| Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | 93.944 | Louisiana Department of Health and Hospitals | 2000321406 | 388,146 |
| Total Department of Health and Human Services | | | | <u>11,298,565</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 14,963,761</u> |

**CRESCENTCARE NO/AIDS TASK FORCE
NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

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, 2019 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, 2019. 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, 2019. 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 | \$ 14,963,761 |
| 340B Drug Pricing Program (Nonfederal) | 26,634,843 |
| Other (Nonfederal and Fee-for-Service Contracts) | <u>1,145,459</u> |
| Total Grants and Contracts | <u><u>\$ 42,744,063</u></u> |

NOTE 4 DE MINIMIS COST RATE

During the year ended June 30, 2019, 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, 2019**

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? x yes no
 - Significant deficiency(ies) identified? x yes 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? x yes no
 - Significant deficiency(ies) identified? x yes 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 |
|-----------------------|--|
| 14.241 | Housing Opportunities for Persons with AIDS |
| 14.267 | Continuum of Care Program |
| 93.153 | Coordinated Services and Access to Research for Women, Infants, Children and Youth |
| 93.914 | HIV Emergency Relief Project Grants |

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section II – Consolidated Financial Statement Findings

2019 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The audit required a significant amount of additional time to complete due to account reconciliations and supporting schedules that were not available to properly complete the audit process. Over the extended time period, appropriate account reconciliations were provided, and general ledger account balances were adjusted as necessary.

Criteria or specific requirement: Management is responsible for the accuracy and completeness of all financial records, supporting reconciliations and related information. Management is responsible for controls over the period-end financial reporting process to ensure conformity with accounting principles generally accepted in the United States of America.

Context: CrescentCare had three key weaknesses in internal control that are separate but interrelated issues in that the combination of them resulted in significant amount of time and effort to reconcile and update account reconciliations, as well as causing an extension of the audit time frame. These weaknesses were as follows:

1. Lack of accurate account reconciliations for general ledger account balances
2. Year-end closing procedures that were not functioning effectively which resulted in changes to general ledger account balances during the course of the audit, and missed cutoff timelines for generation of key subsidiary reports to support account balances.
3. Lack of full understanding of certain new information systems implemented during the year and information presented in reports generated from them, and timing of when reports should be run.

Effect: CrescentCare's consolidated financial statements had escalated risks of material misstatements.

Cause: CrescentCare experienced significant turnover in key finance department positions during the year, including the chief financial officer and controller. In addition, CrescentCare just completed construction of a new building which required not only relocating a significant number of personnel but also critical components of its operations. Lastly, as part of CrescentCare's on-going growth and expansion of services, new information systems are necessary to keep pace, and in conjunction with the move, CrescentCare had begun implementing these new information systems. The loss of this type of leadership, coupled with the relocation and new IT systems, lead to an erosion of monthly reconciliation procedures resulting in general ledger accounts not being reconciled on a timely and consistent basis.

Recommendation: We recommend CrescentCare work to stabilize key finance department positions, continue to learn key elements of the new information systems and work to restore effective month-end procedures and processes to ensure accounts are consistently and accurately reconciled on a timely basis.

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Views of responsible officials and planned corrective actions: During the fiscal year, CrescentCare's finance department underwent significant staff changes. This included the departure of our CFO, controller, and billing staff. The turnover left the department short staffed as CrescentCare prepared for and responded to the audit requests, Staff responding to requests were often new or unfamiliar with the process which then necessitated more time to gather documentation. In addition, CrescentCare moved to a new location combining four locations during the fiscal year and implemented new information systems. Agency also experienced key staff loses in our data management department, including the departure of the CIO at the same time as we were implementing a new reporting system. The combination of these transitions resulted in an inconsistent application of internal processes, procedures and controls to ensure that accounts were properly and timely reconciled. Management has implemented and continues to optimize processes and systems to ensure that all accounts are timely reconciled and that prepared financials are timely and accurate. The finance department is now fully staffed and is being cross trained in preparation for any future staffing fluctuations. Additionally, CrescentCare has added a year-end checklist to our financial reporting process to ensure finance staff is knowledgeable about the account reconciliations and adjustments required for financial reporting purposes. Management will develop a comprehensive checklist and implement procedures to ensure all account reconciliations are performed and reviewed on a timely basis.

2019 – 002

Type of Finding:

- Compliance – Other Matters

Condition: The organization did not have its audit completed for the year ending June 30, 2019 on a timely basis.

Criteria or specific requirement: Louisiana Revised Statute 24:513 requires audits to be completed within six months after the end of the fiscal year.

Context: Due to unforeseen circumstances, the organization obtained an extension of the six month deadline and will file by the extension date.

Effect: The organization was not in compliance with state statute.

Cause: The organization experienced turnover within the finance area during the year and was unable to close the books in the time required.

Recommendation: We recommend CrescentCare work to stabilize key finance department positions, and work to restore effective month-end procedures and processes to ensure accounts are consistently and accurately reconciled on a timely basis to aid in the year-end close.

Views of responsible officials and planned corrective actions: Management will implement procedures to ensure all account reconciliations are performed and closings occur on a timely basis. We foresee no concerns with submitting our audit timely going forward.

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs

2019 – 003

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

Federal program title: Housing Opportunities for Persons with AIDS

CFDA Number: 14.241

Pass-Through Agency: City of New Orleans Division of Housing and Neighborhood Development

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 budgeted amounts. Budgeted amounts charged to the grant were not updated for actual time spent and time and effort reports were not completed.

Questioned costs: \$9,875

Context: For this specific grant, employees did not maintain time and effort reporting. For the six employees tested, amounts charged to the grant were derived from the budget cost control statement.

Cause: With the turnover at the Organization the internal controls over tracking information for this grant deteriorated.

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 federal 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 include all employees who perform work on federal grants. Management would note however that the documentation of time and effort may not always result in the ability to bill the funder accordingly. Additionally, management will implement a process to provide timely documentation of time and effort reporting for the HOPWA funding.

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

2019 – 004

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

Federal program title: Coordinated Services and Access to Research for Women, Infants, Children, and Youth

CFDA Number: 93.153

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, §200.305 *Payment* specifies that payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity. 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, §200.303 specifies that a non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: Documentation of internal controls to support amounts requested from the federal government during the year was not maintained. Specific requests could not be tied to general ledger detail or a detail of specific expenses. Additionally, there was difficulty reconciling the total amount of grant expenses to a detail listing.

Context: There were five payment requests submitted during the year for the grant, which did not have evidence of an internal control.

Cause: There was not a specific invoice required to submit for each payment request, so this documentation was not created.

Effect: Amounts requested during the year did not have proper support to document internal controls in place over cash management.

Recommendation: We recommend CrescentCare implement a system to document clearly which expenses are requested for reimbursement in each payment request, and ensure proper internal controls are in place for cash management. This process will also aid in the year-end reconciliation of expenses incurred.

Views of responsible officials: In the 2019-2020 fiscal year, CrescentCare created and implemented an invoice process to detail out expenses for drawdowns for all federal grants to ensure efficient reconciliation of grant expenses. Management notes that the use of an invoice records activities for a moment in time. There may be subsequent changes and adjustments in the following quarter's drawdown due to the timing of when invoices are received.

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

2019 – 005

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

Federal program titles: Housing Opportunities for Persons with AIDS and Continuum of Care

CFDA Numbers: 14.241 and 14.267

Pass-Through Agencies: City of New Orleans Division of Housing and Neighborhood Development,
Unity of Greater New Orleans

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: For CFDA 14.267: 24 CFR section 578.49(b)(1) and 578.49(b)(2) and 578.51(g). For CFDA 14.241: 24 CFR section 574.320. These standards require that rents paid must be reasonable in relation to rents being charged in the area for comparable space

Condition: CrescentCare prepares a rent reasonableness checklist and certification form which documents the rent reasonableness of the unit. The form is signed and dated by the person who completed the calculation. For some of the checklists reviewed, we noted that there was no evidence of the date the reasonableness testing was completed. It was unclear if the form was completed prior to rent payments beginning as there was no date. We noted in all forms that rent was determined to be reasonable.

Context: For CFDA 14.241, 14 of the 40 checklists we tested did not contain evidence of the date the form was completed. For CFDA 14.267, 15 of the 19 checklists we tested did not contain evidence of the date the form was completed.

Cause: The person who prepared the form missed the date field when completing.

Effect: If the form is not prepared prior to rent payments beginning, excessive rent could be paid.

Recommendation: We recommend CrescentCare train its employees on the forms to ensure that the date field is completed, and that forms are in tenant files prior to rent payments beginning.

Views of responsible officials: Management will develop a process to ensure that all rent reasonableness forms are dated, signed and retained in the file when completed. Management notes that these forms are completed and filed electronically which the date of completion could be verified by the date the form was uploaded to the system.

**CRESCENTCARE NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

2019 – 006

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

Federal program titles: HIV Emergency Relief Project Grants

CFDA Numbers: 93.914

Pass-Through Agencies: City of New Orleans

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Grant recipients are required to track and account for all program income in accordance with 45 CFR 75.302(b)(3). Recipients must report program income on their Federal Financial Report (FFR). HRSA Policy Clarification Notice 15-03 provides guidance on program income, and HRSA issued frequently asked questions on program income as well. It indicates that 340B generated revenue is considered program income for this grant. When an entity is 340B eligible and purchases pharmaceuticals via 340B pricing under multiple awards, the recipient must use a reasonable allocation method for the attribution of costs and program income, and be able to document the methodology used.

Condition: Amounts reported for program income on the FFR were determined by a CrescentCare employee based on the number of visits under this grant versus overall visits. Documentation of this calculation and support was not maintained. Subsequently, it was determined that program income was likely lower based on visit data. Program income was properly used.

Context: The amount of program income reported was approximately \$386,000; the amount of program income calculated subsequently was approximately \$181,000.

Cause: Documentation of program income amounts reported could not be located. The employee who prepared the amounts reported left the organization.

Effect: Program income could be over or under reported.

Recommendation: We recommend CrescentCare maintain documentation of all calculations used for reporting to ensure that program income is properly calculated and reported.

Views of responsible officials: Management will develop a process to document the program income calculation. Management notes that the program income calculation is reflective of the revenue and expenses at a moment in time prior to any adjustments. These adjustments may result in a change to the recorded program income for a prior period and require a reconciliation between the initial record and what is now being reported.

**NO/AIDS TASK FORCE
DBA: CRESCENTCARE**

STATEWIDE AGREED—UPON PROCEDURES

YEAR ENDED JUNE 30, 2019



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 dba: CrescentCare (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, 2018 through June 30, 2019. 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. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions.

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 no exceptions.

- 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 of statements, 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.

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

We performed the procedures above and noted no exceptions.

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 four additional account (or all accounts if less than five). 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 two months of the related statement closing date (e.g., initialed and dated, electronically logged);

We performed the procedures above and noted the following exceptions:

- **Noted 41 out of 46 of the reconciliations were not reviewed within two months of the related statement closing date.**
- 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 two 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. For the current fiscal year, CrescentCare has prepared and maintained electronic copies and documented the dates the reconciliations were performed.*

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

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. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees 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.

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

- a) Observe that receipts are sequentially pre-numbered.

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 has historically collected less than \$50,000 in cash for services in an entire year. Historically, considering the low risk, CrescentCare has balanced the staffing resources with the risk. As the volume of cash has increased, we are revising our written protocols and processes around cash collection.*

6) Cash Collection Documentation: *Historically, as CrescentCare collected less than \$50,000 from patient services in an entire year, the low risk did not merit the expense of bonding staff. As our cash collections has increased due to our increase volume in patient visits, we are exploring with our insurance broker bonding key employees.*

Nonpayroll 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 five locations (or all locations if less than five).

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 nonpayroll 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 nonpayroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe 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) Nonpayroll Disbursements: *Moving forward, Crescent will create a more formal review process for new vendors.*

9d) Nonpayroll 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 five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe 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).

14. We performed the procedures above and noted no exceptions.

Travel and Expense Reimbursement

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

Contracts

16. 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

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

Ethics (excluding nonprofits)

20. These procedures were not required to be performed as they do not generally apply to nonprofits, and do not apply to CrescentCare. In accordance with LLA SWAUPY3.

Debt Service (excluding nonprofits)

21. – 22. These procedures were not required to be performed as they do not generally apply to nonprofits, and do not apply to CrescentCare. In accordance with LLA SWAUPY3.

Other

23. 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 no exceptions.

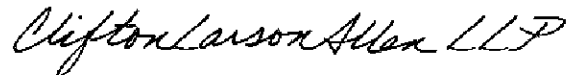
24. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

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
March 16, 2020



CliftonLarsonAllen LLP
CLAconnect.com

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

In planning and performing our audit of the consolidated financial statements of the NO/AIDS Task Force dba: CrescentCare (a nonprofit organization) (CrescentCare) and subsidiary as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), we considered CrescentCare's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. A separate report dated March 16, 2020 contains our report on material weaknesses in CrescentCare's internal control. This letter does not affect our report dated March 16, 2020 on the consolidated financial statements of CrescentCare.

Accounting and Reporting Observations

During our audit, we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. While the nature and magnitude of the internal control matters were not considered important enough to merit the attention of the board, they are included herein to provide a comprehensive report for both those charged with governance and management to consider.

- **Allowance model**

During our audit work performed on accounts receivable, we noted that a review of contractual allowances and bad debt allowance percentages used to value accounts receivable is not being performed on a regular basis. Given the significance of this estimate and potential impact on the entity's consolidated financial statement we recommend conducting an internal assessment of the accuracy of the allowance percentages being used. The best way to do this is by generating "look-back" reports that identify payment percentages by payer that can be compared to the internal estimating process.

- **Journal entry review and approval**

We noted CrescentCare does not have a process in place for formal review and approval of journal entries that are made as part of the normal course of business. During the audit it was explained that monthly review of account reconciliations and consolidated financial statements would identify any errors or irregular journal entries. While this may be generally true, as previously mentioned we did note a number of accounts needing to be reconciled at year-end, or where difficulties were encountered in reconciling due to challenges with internal reports, etc.

To ensure journal entries are appropriate and management does not encounter unwanted surprises at month-end or year-end, we recommend considering implementing a more formalized review and approval process for journal entries as they are made throughout the month.

- **Accounts receivable and accounts receivable reports**

During the audit, we noted CrescentCare records patient medical and dental accounts receivable only at the end of the fiscal year, and during the remaining months recognizes revenue on a cash basis. CrescentCare is in the early phases of moving into the billing third-party payers and patients for these services, and has been going through the process of implementing electronic health records, as well as revenue and accounts receivable software. This process, coupled with turnover, has been challenging and as such created difficulties in recognizing revenue on an accrual basis monthly.

In addition to the above, we noted CrescentCare experienced challenges running consistent accounts receivable reports at year-end, which caused difficulties in determining the specific amounts of medical and dental receivables that should be recorded on the general ledger.

We recommend continuing to work through the implementation and training processes of all the information system used in the revenue and accounts receivable area so medical and dental revenue can be recognized monthly on the accrual basis. In addition we recommend establishing month-end processes to ensure consistent accounts receivable reports are generated and reconciled to the general ledger on a monthly basis.

- **Debt covenant compliance**

Per the debt agreements CrescentCare is to deliver the Lender audited financial statements within 180 days. We noted CrescentCare experienced significant turnover in the current year as well as underwent a system conversion which resulted in a slowdown in reconciling accounts at year-end. As a result, CrescentCare wasn't not able to deliver audited consolidated financial statements within 180 days, which resulted in an event of default on the debt which was waived by the banks. We recommend CrescentCare continue to develop a plan to increase timeliness of reconciling account activity at year-end.

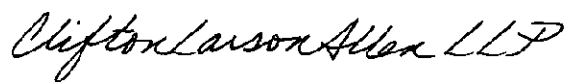
- **Unreconciled suspended credit balances**

We noted CrescentCare wrote off patient dental accounts deemed to be uncollectable, while some of these accounts had unapplied credit balances that were not offset against the amounts written off. We recommend considering credit balances in outstanding patient accounts to determine if a right to offset the outstanding receivables is possible.

- **Fixed asset listing**

We noted CrescentCare tracks their fixed assets on an excel spreadsheet and does not have a system to track the fixed assets and monthly depreciation expense. We recommend implementing a system that can track the fixed asset activity.

This communication is intended solely for the information and use of management, board of directors, and others within NO/AIDS Task Force dba: CrescentCare, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 16, 2020