COMMCARE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

Table of Contents

REPORT

CARR RIGGS & INGRAM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CommCare Corporation
Mandeville, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of CommCare Corporation (the Company), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CommCare Corporation as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head, Consolidating Balance Sheet, and Consolidating Statement of Revenues, Expenses and Changes in Net Assets as of and for the year ended June 30, 2024, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200 *Uniform Administrative Requirements, and Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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, except for the matter described below, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The accompanying Consolidating Balance Sheet as of June 30, 2024 does not include right-of-use lease assets and lease liabilities for material related-party leases that fully eliminate upon consolidation. Management has informed us that they have not determined the effects of not including related-party leases in the consolidating information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Mandeville, Louisiana
December 16, 2024

FINANCIAL STATEMENTS

June 30,		2024		2023
Assets				
Current assets				
Cash and cash equivalents	$	**26,135,542**	$	15,724,121
Restricted cash		**-**		560,000
Accounts receivable, net		**26,198,383**		20,995,420
Prepaid expenses and other current assets		**3,919,865**		4,063,099
Note receivable		**6,166,400**		-
Total current assets		**62,420,190**		41,342,640
Non-current assets				
Restricted cash		**5,843,533**		6,919,287
Notes receivable		**11,119,325**		17,285,725
Equity method investment		**2,949,430**		-
Intangible assets		**49,281,354**		51,541,833
Goodwill		**6,456,944**		6,456,944
Fair value of interest rate swaps		**1,805,773**		3,358,957
Miscellaneous		**116,123**		85,208
Operating lease right-of-use assets, net		**4,737,351**		5,424,783
Finance lease right-of-use assets, net		**6,986,306**		-
Property and equipment, net		**216,878,435**		229,930,671
Total non-current assets		**306,174,574**		321,003,408
Total Assets	$	**368,594,764**	$	362,346,048
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$	**20,019,393**	$	18,341,901
Current portion of long-term debt		**19,190,329**		7,012,805
Current portion of operating leases		**1,059,611**		992,660
Total current liabilities		**40,269,333**		26,347,366
Long-term liabilities				
Long-term debt, less current portion and less unamortized debt issuance costs		**196,414,790**		222,078,863
Finance Lease liabilities, less current portion		**7,388,707**		-
Operating Lease liabilities, less current portion		**3,692,904**		4,441,851
Total long-term liabilities		**207,496,401**		226,520,714
Total liabilities		**247,765,734**		252,868,080
Net assets without donor restrictions				
CommCare Corporation		**115,767,544**		103,293,691
Noncontrolling interest in subsidiaries		**5,061,486**		6,184,277
Total net assets		**120,829,030**		109,477,968
Total liabilities and net assets	$	**368,594,764**	$	362,346,048

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

For the years ended June 30,	2024	2023
Revenue without donor restrictions, gains, and other support		
Patient service revenue, net	$ **208,956,626**	$ 145,735,886
Pharmacy sales	**18,095,215**	13,238,142
Premium income	**737,897**	6,609,277
Management fee income	**833,494**	790,337
Lease income	**39,005**	174,121
Grant revenue	**2,104,826**	10,407,387
Other operating revenues	**1,705,013**	507,159
Total revenue without donor restrictions, gains, and other support	**232,472,076**	177,462,309
Operating Expenses		
Nursing services	**90,102,676**	66,435,252
General and administrative	**45,154,895**	40,560,198
Therapy and ancillary services	**12,703,543**	10,179,266
Cost of pharmacy sales	**14,998,733**	10,900,367
Dietary and food	**13,410,517**	8,873,628
Depreciation and amortization	**12,308,743**	8,318,560
Plant operations and maintenance	**10,829,211**	7,171,134
Provider fees	**7,474,747**	6,032,005
Housekeeping and laundry	**6,560,447**	4,545,185
Activities and social services	**3,574,605**	2,163,899
Provision for bad debts	**309,847**	209,362
Lease expense	**1,415,832**	1,324,207
Advertising and marketing costs	**1,836,735**	1,162,475
Community services	**85,680**	57,269
Total operating expenses	**220,766,211**	167,932,807
Operating income	**11,705,865**	9,529,502
Non-operating revenues (expenses)		
Gain (loss) on disposal of assets	**14,879,546**	(167,328)
Miscellaneous (expense) income	**(166,271)**	(377,756)
Gain (loss) on equity method investment	**267,485**	-
Interest income	**760,092**	432,956
Interest expense	**(13,439,726)**	(7,571,820)
Unrealized gain (loss) on swap	**(1,553,184)**	2,172,132
Gain on sale of majority interest in Dignity Care	**787,255**	-
Gain on acquisition	**-**	9,412,611
Total non-operating revenues (expenses)	**1,535,197**	3,900,795
Changes in net assets without donor restrictions	**13,241,062**	13,430,297
Less change in net assets attributable to noncontrolling interests	**(767,208)**	(1,293,210)
Change in net assets attributable to CommCare Corporation	**12,473,854**	12,137,087
	(continued)	(continued)

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

For the years ended June 30,		2023		2022
Net assets				
Beginning of year		**109,477,968**		92,273,812
Distributions to noncontrolling shareholder in subsidiary		**(1,890,000)**		(1,203,384)
Contributions from noncontrolling shareholder in subsidiary		**-**		4,977,243
End of year	**$**	**120,829,030**	$	109,477,968
		(concluded)		(concluded)

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

Consolidated Statements of Cash Flows

For the Years Ended June 30,		2024		2023
Operating Activities				
Change in net assets	$	**13,241,062**	$	13,430,297
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Loss (gain) on disposal of assets		**(14,879,546)**		167,328
Gain on equity method investment		**(267,485)**		-
Depreciation and amortization		**12,929,681**		9,939,060
Accretion of interest on discount on fair value of assumed debt		**391,409**		-
Amortization of right-of-use assets		**687,432**		791,426
Provision for bad debts		**309,847**		209,362
Gain on sale of majority interest in Dignity Care		**(787,255)**		-
Gain on acquisition		**-**		(9,412,611)
Change in fair value of interest rate swap		**1,553,184**		(2,172,132)
Changes in assets and liabilities:				
Receivables		**(6,374,001)**		(4,757,268)
Prepaid expenses and miscellaneous		**112,319**		(1,668,232)
Other assets		**499,999**		-
Accounts payable and accrued expenses		**4,119,816**		1,330,849
Operating lease liabilities		**(681,996)**		(781,698)
Net cash provided by operating activities		**10,854,466**		7,076,381
Investing Activities				
Purchases of property and equipment		**(9,569,854)**		(13,319,037)
Cash paid for equity method investment		**(769,448)**		-
Sale of majority interest in Dignity Care, net of cash surrendered		**(2,742,744)**		-
Acquisition net of cash acquired		**-**		(17,852,274)
Purchase of other assets		**-**		(11,060,539)
Proceeds from disposal of assets		**27,158,620**		-
Net cash used in investing activities		**14,076,574**		(42,231,850)
Financing Activities				
Payments on notes payable		**(23,500,294)**		(3,157,269)
Issuance of notes payable		**8,955,627**		31,036,643
Debt issuance costs		**-**		(328,776)
Finance lease liabilities		**279,294**		-
Distributions to non controlling shareholder in subsidiary		**(1,890,000)**		(1,203,384)
Contributions from non controlling shareholder in subsidiary		**-**		4,977,243
Net cash provided by (used in) financing activities		**(16,155,373)**		31,324,457
Net change in cash, cash equivalents, and restricted cash		**8,775,667**		(3,831,012)
Net cash, cash equivalents, and restricted cash at beginning of year		**23,203,408**		27,034,420
Net cash, cash equivalents, and restricted cash at end of year	$	**31,979,075**	$	23,203,408
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST				
Cash payments for interest	$	**12,704,279**	$	7,958,253
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES				
Debt assumed in acquisition	$	**-**	$	63,357,597
Note issued to seller in acquisition	$	**-**	$	550,000
Capital expenditures in accounts payable	$	**61,430**	$	25,061
Rollover equity on sale of Dignity Care	$	**1,912,500**	$	-
Lease liabilities arising from obtaining right-of-use assets	$	**7,109,413**	$	6,216,209
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH				
Cash and cash equivalents	$	**26,135,542**	$	15,724,121
Restricted cash		**5,843,533**		7,479,287
Total cash, cash equivalents, and restricted cash	$	**31,979,075**	$	23,203,408

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

Note 1: DESCRIPTION OF THE ORGANIZATION

Organization and Business Description

CommCare Corporation is a non-profit entity that owns and operates skilled nursing, assisted living and independent living facilities. The facilities include 2,270 extended-care beds that are licensed and permitted for current operation by the Louisiana Department of Health and Hospitals and other state or Federal regulatory agencies having jurisdiction over the operations of the facilities. The Company also manages 142 licensed beds for third parties. CommCare Corporation also owns a 55% share of a pharmacy, 55% share of a hospice company, 100% of thirteen asset holding companies, 100% of a management company, and 45% of an insurance provider that are all located in Louisiana, with the exception of the hospice that also has operations in Mississippi. The program of the Company is patient care.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of CommCare Corporation and its wholly owned subsidiaries (collectively the “Company”), CommCare Management Corporation, CommCare Louisiana (a non-profit corporation) and its majority owned subsidiaries CCC Pharmacy, LLC and Post Acute Holdings, LLC. The Company also wholly owns the following non-profit real estate holding companies whose primary purpose is to own and lease skilled nursing facilities with the Company: CommCare Avoyelles, Commcare Tangipahoa, Commcare Natchitoches, CommCare Catahoula, CommCare EBR, CommCare Center Point, CommCare Ouachita, CommCare Slidell, CommCare St. Tammany, CommCare Baton Rouge, CommCare Rapides, Chateau De Notre Dame Facilities Corporation, and Our Lady of Wisdom Facility Corporation. Significant intercompany transactions and balances have been eliminated through consolidation.

Equity Method Investment

During the year ended June 30, 2024 the Company sold a 55% majority stake in Dignity Care Corporation, a health insurance company. The Company has a 45% ownership interest in the operations of the insurance provider. See note 5 for details.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term include an allowance for credit losses and claims incurred but not reported.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity date of 90 days or less. Restricted cash is required by the loan agreements in relation to the construction of facilities, by regulatory requirements, and requirements in relation to a letter of credit from a financial institution. Cash was restricted for the following at June 30, 2024 and 2023:

Restricted at June 30,		**2024**		2023
Debt payments	**$**	**5,843,533**	$	4,479,287
Regulatory Requirement		**-**		3,000,000
Total	**$**	**5,843,533**	$	7,479,287

Property and Equipment

Property and equipment are recorded at cost. Renewals and improvements that extend the economic life of such assets are capitalized. Expenditures for maintenance, repairs and other renewals are expensed. Upon disposition of a capital asset, the asset's cost and accumulated depreciation are removed from the balance sheet and any gain or loss is included in the statements of revenues, expenses and changes in net assets. Depreciation is recorded over the estimated useful life of an asset using the straight-line method.

The Company records impairment losses on long-lived assets when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment loss was recorded by the Company for the years ended June 30, 2024 and 2023, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The useful life of property and equipment was as follows at June 30:

	Depreciable Life
Land	Not depreciated
Land improvements	5-15 years
Buildings and improvements	10-45 years
Furniture, fixtures and equipment	3-5 years
Construction in progress	Not depreciated

Leases

The Company leases office space, land, and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated balance sheets. Finance leases are included in finance lease right of use asset and finance lease liabilities on the consolidated balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Company uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

In accordance with authoritative guidance on intangible assets, goodwill is tested for impairment annually as of June 30 or on an interim basis if events or circumstances indicate that the fair value of the asset has decreased below its carrying value. The Company performed a qualitative assessment of events and circumstances to determine whether it was more likely than not that the fair value of the reporting unit that contained the goodwill was less than its carrying amount. Based on this assessment it was determined that it was not more likely than not that the fair value of the reporting unit was less than its carrying amount. As a result of this assessment, no impairment loss was recognized during the years ended June 30, 2024 and 2023.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets consist primarily of Certificates of Need (CON) acquired through the purchase of existing nursing homes or through direct purchase of existing licenses. Louisiana statutes require that nursing home operators obtain a CON prior to the addition or construction of new nursing home beds, the addition of new services or certain capital expenditures in excess of defined levels. A CON certifies that the state has made a determination that a need exists for such new or additional beds, new services or capital expenditures. The CONs have an indefinite useful life. Management evaluates the net carrying value of all intangible assets for impairment when circumstances indicate that the assets might be impaired, but not less than annually. As a result of this assessment, no impairment loss was recognized during the years ended June 30, 2024 and 2023.

In addition to the CONs, intangible assets also include costs related to obtaining new market tax credits utilized in the financing of an existing facility. Total unamortized tax credit costs were $18,731 and $28,947 as of June 30, 2024 and 2023, respectively. Total amortization expense related to new market tax credits was $10,216 and $10,216 for the years ended June 30, 2024 and 2023, respectively.

Deferred Financing Costs, Net

Deferred financing costs are amortized over the term of the debt instrument using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective interest method be used to amortize financing costs; however, management believes the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method.

Interest expense related to deferred financing costs was $528,608 and $563,909 for the years ended June 30, 2024 and 2023, respectively.

Interest Rate Swaps

The Company has five interest rate swap agreements to convert the variable interest on certain loans to fixed rates. Based on changes in interest rates subsequent to entering into the agreement, the fair value of the swaps were $1,805,773 and $3,358,957 at June 30, 2024 and 2023, respectively. The fair value of the swaps is considered to be a Level 2 fair value measurement. The change in the asset or liability is reported as a component of non-operating revenues (expenses) on the consolidated statements of revenues, expenses, and changes in net assets.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees accumulate paid time off (PTO) at varying rates according to years of service. Employees become vested in PTO upon completion of ninety days of employment. Upon termination, all unused PTO hours are paid to the employee at the employee's current rate of pay provided that the employee has successfully completed ninety days of employment. Accrued PTO cannot exceed the maximum amount of PTO that can be earned in one year's time. Accrued PTO was $1,354,222 and $1,314,609 as of June 30, 2024 and 2023, respectively. Accrued PTO is included in accounts payable and accrued expenses on the consolidated balance sheets.

Claims Payable and Reserves for Incurred but Unreported Claims and Premium Deficiency Reserve

The Company provides reserves for estimated incurred but unreported physician, hospital, other professional, and pharmacy services rendered to enrolled members of the insurance subsidiary (Dignity Care). This reserve is reported net of anticipated reinsurance recoveries. The reserve is estimated by the use of completion factors applied to historical lag patterns and projection of per-member-per-month cost trends. Medical cost adjustments to prior period estimates are reflected in the current period and changes in these estimates could be significant. While the ultimate amount of claims and losses are dependent upon future developments, management is of the opinion that the recorded reserves are adequate to cover such costs.

The Company assesses the profitability of its Dignity Care insurance contracts when current operating results or forecasts indicate probable future losses for a line of business. The Company records a premium deficiency liability in current operations to the extent that the sum of expected future medical costs, claim adjustment expenses, and administration costs exceed the premiums to be collected for the remainder of a contract period. Investment income is not considered in the calculation of the premium deficiency liability.

During the year ended June 30, 2024, the Company sold a majority interest in Dignity Care and de-consolidated the accounts of Dignity Care from the consolidated financial statements. Therefore, as of June 30, 2024 any liabilities of Dignity Care are no longer reported in the consolidated balance sheet but are instead included in the determination of the value of the equity method investment.

Net Assets

The Company reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Company, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. At June 30, 2024 and 2023 there were no net assets with donor restrictions.

Noncontrolling Interest in Subsidiaries

The Company has ownership interests in subsidiaries that are less than 100% but are controlled by the Company and therefore consolidated. During the years ended June 30, 2024 and 2023, CCC Pharmacy, LLC distributed $1,890,000 and $1,203,384 to its noncontrolling shareholders. Post Acute Holdings, LLC received $0 and $4,977,243 in contributions from its noncontrolling shareholders during the years ended June 30, 2024 and 2023, respectively.

Fair Value Measurements

Accounting Standards Codification (ASC) 820-10 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

• Level 1—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

• Level 2—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial statements.

• Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's financial instruments consist of cash, accounts receivable, accounts payable, and interest rate swaps. The recorded values of cash, accounts receivable, and accounts payable, approximate fair value based on their short-term nature.

The recorded values of interest rate swaps are measured on a recurring basis primarily utilizing Level 2 inputs including forecasted interest rates and quoted prices for similar instruments in active markets.

Patient Accounts Receivable, Patient Service Revenue, and Concentration of Credit Risk

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

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Company measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Because its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-60-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable, Patient Service Revenue, and Concentration of Credit Risk (Continued)

As provided for under the guidance, the Company does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

The Company is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. The Company accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for services performed. Based on historical collection trends and other analyses, the Company has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

Patient service revenue is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered.

The Company participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Company is reimbursed for cost reimbursable items based on each facilities daily rate and/or level of care required with final settlement determined after submissions of annual cost reports by the Company and audits thereof by the Medicare/Medicaid fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

The Company determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with policy, and implicit price concessions provided to uninsured patients.

Explicit price concessions are based on contractual agreements and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the Company expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductible and coinsurance, which vary in amount. The Company estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Service Revenue and Concentration of Credit Risk (Continued)

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023.

Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and final settlements are determined.

The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing.

Additionally, the Company has been subjected to increased routine audits and recoupments of billed claims in recent years, as well as prepayment audits for certain goods and services. Compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Although the Company believes that there are no significant unrecorded exposures as of fiscal year-end, there can be no guarantees that future audits and regulatory investigations will not occur and resulting findings, if any, may be material to the consolidated financial statements.

Under the Company’s assisted living, independent living, and memory care agreements, which are generally for a contracted term of 30 days, or the Company and resident have the unilateral right to terminate the agreements given 30 days’ notice.

The Company has elected the practical expedient with ASC 842 Leases (Topic 842) and recognizes, measures, presents, and discloses the revenue for services under the Company’s assisted living, independent living, and memory care residency agreements based up the predominant component of the contracts. The Company has determined that the services under these agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. The Company recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers,* for its independent living, assisted living, and memory care agreements for which it has estimated that the non-lease components of such agreements are the predominant component of the contracts. The revenues from these agreements are included in patient service revenue on the consolidated statements of revenues, expenses, and change in net assets.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivables and Credit Policy

Patient accounts receivable are reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care services. Patient accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and explicit and implicit price concessions, which reflect management's estimate of the transaction price. The Company estimates the transaction price based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts (including explicit price concessions), and implicit price concessions, and is recorded through a reduction of gross revenue and a credit to patient accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

The Company does not have a policy to charge interest on past due accounts.

Allowance for Contractual Adjustments

Contractual allowance estimates are periodically reviewed for accuracy by taking into consideration known contract terms, as well as payment history. The Company believes its estimation and review process enables it to identify instances on a timely basis where such estimates need to be revised. The Company does not believe there were any adjustments to estimates of patient bills that were material to its revenues during the years ended June 30, 2024 or 2023.

Allowance for Credit Losses

The Company considers the patient's ability and intent to pay the amount of consideration for uninsured or co-pay amounts upon admission. Credit losses related to uninsured or co-pay amounts, after any implicit price concessions, are recorded as bad debt expense as a component of operating expenses in the consolidated statements of revenue, expenses, and changes in net assets. As of June 30, 2024 and 2023, the Company recorded an allowance for credit losses of $1,557,713 and 1,247,866, respectively.

Grant Revenue

All of the Company's grant revenues are from disaster grants for presidentially declared disasters related to COVID-19, hurricanes, and winter storms. The benefits received by the Company as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grant revenue is analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Revenue Recognition

Premium income is based on contracts with Centers for Medicare and Medicaid Services (CMS) to provide medical services to Medicare enrollees in return for a capitated payment. Substantially all of the premiums are received from CMS under Medicare Advantage contracts. Premiums are due monthly and are recognized as income during the period that the Plan is obligated to provide services to its members.

Management fees earned by the management company are recorded when performance obligations are met.

Revenues from pharmacy sales are recorded at the time performance obligations are met.

Lease income is recorded when earned per the terms of the lease agreement.

Advertising Costs

Advertising costs are expensed as incurred. During the years ended June 30, 2024 and 2023, advertising costs totaled $324,360 and $156,298, respectively.

Income Taxes

CommCare Management Corporation is a C-corporation for income tax purposes and income tax expense is calculated based on the liability method. During the year ended June 30, 2024 there were no differences between the book basis and the tax basis of CommCare Management Corporation’s assets and liabilities, and therefore there were no deferred tax assets or liabilities recorded at June 30, 2024. Income tax expense of $60,383 and $355,673 was recorded in miscellaneous (expense) income on the consolidated statements of revenues, expenses and changes in net assets during the year ended June 30, 2024 and 2023, respectively.

No provision for income taxes has been made in the accompanying consolidated financial statements other than for CommCare Management Corporation. The Internal Revenue Service has determined that CommCare Corporation and its nonprofit subsidiaries qualify as 503(c)(3) organizations and are exempt from income taxes. The Company’s for profit subsidiaries, other than CommCare Management Corporation, have elected to be taxed as partnerships and all income flows through to the individual members.

Generally accepted accounting principles require an organization to account for uncertainties in income taxes. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach.

The Company has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination of taxing authorities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest

The Company capitalizes interest costs on qualifying construction in progress based on an imputed interest rate estimating the average cost of borrowed funds. Such capitalized interest becomes part of the cost of the related asset and is depreciated over its estimated life.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2024. See Note 4 and 8 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Organizations now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques previously applied are still permitted, although the inputs to those techniques changed to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Company applied this guidance beginning July 1, 2023. No adjustment to prior year amounts were needed. Additional changes and disclosures are included throughout these notes, to conform to the new guidance.

Note 3: FINANCIAL ASSET AVAILABILITY

The Company maintains its financial assets primarily in cash and cash equivalents and accounts receivable to provide liquidity to ensure funds are available as the Company's expenditures come due. The following reflects the Company's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions.

June 30,	**2024**	2023
Financial assets, at year-end	**$ 52,333,925**	$ 36,719,541
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	**-**	-
Board designations	**-**	-
Financial assets available to meet cash needs for general expenditures within one year	**$ 52,333,925**	$ 36,719,541

Financial assets at year-end as noted in the above schedule exclude non-current assets, prepaid expenses, other current assets, note receivable, and restricted cash

Note 4: NOTES RECEIVABLE

On July 1, 2017, the Company entered into a new markets tax credit (NMTC) transaction to partially finance the construction of a new skilled nursing facility in Ponchatoula, Louisiana. As part of the NMTC financing, the Company had a note receivable from a financial institution of $6,166,400 at June 30, 2024 and 2023, respectively. Interest accrues at a fixed rate of 4.95% and is payable quarterly. The final payment of all outstanding principal will be due on the maturity date of the note, July 7, 2024. Subsequent to June 30, 2024 the receivable was settled through the cancelation of related outstanding debt. See Note 8.

On May 26, 2021, the Company entered into a new markets tax credit (NMTC) transaction to partially finance the construction of a new skilled nursing facility in Natchitoches, Louisiana. As part of the NMTC financing, the Company had a note receivable from a financial institution of $6,597,900 at June 30, 2024 and 2023, respectively. Interest accrues at a fixed rate per annum of 1.00% and is payable quarterly. The final payment of all outstanding principal will be due on the maturity date of the note, May 25, 2051.

On May 26, 2021, the Company entered into a new markets tax credit (NMTC) transaction to partially finance the construction of a new skilled nursing facility in Natchitoches, Louisiana. As part of the NMTC financing, the Company had a note receivable from Twain Investment Fund 489 of $3,492,900 at June 30, 2024 and 2023, respectively.

Note 4: NOTES RECEIVABLE (CONTINUED)

Interest accrues at a fixed rate per annum of 1.00% and is payable quarterly. The final payment of all outstanding principal will be due on the maturity date of the note, May 25, 2051.

On May 26, 2021, the Company entered into a new markets tax credit (NMTC) transaction to partially finance the construction of a new skilled nursing facility in Natchitoches, Louisiana. As part of the NMTC financing, the Company had a note receivable from Twain Investment Fund 546 of $1,028,525 at June 30, 2024 and 2023, respectively. Interest accrues at a fixed rate per annum of 1.21% and is payable quarterly. The final payment of all outstanding principal will be due on the maturity date of the note, May 25, 2051.

Payments to be received on the notes receivable balances in the subsequent fiscal years are as follows:

June 30,		
2025	$	**6,116,400**
2026		**-**
2027		**-**
2028		**-**
2029		**-**
Thereafter		**11,119,325**
Total	**$**	**17,285,725**

Note 5: EQUITY METHOD INVESTMENT

Effective August 1, 2023, the Company sold a 55% majority interest in Dignity Care for $2,337,500 and retained 45% minority interest valued at $1,912,500. The Company recognized a gain on the sale of $787,255. As part of the sale the Company was required to contribute $1,125,000 into the new ownership structure and received $355,552 in dividends for the year ended June 30, 2024. The Company's pro rata share of net income was $267,485 for the year ended June 30, 2024. The following information summarizes the activity of the investment as of and for the year ended June 30, 2024:

June 30,		**2024**
Total assets	**$**	**9,710,358**
Total liabilities		**(3,156,069)**
Net assets		**6,554,289**
CommCare's pro rata share of net assets		**2,949,430**
Total net income		**594,411**
CommCare's pro rata share of net income	**$**	**267,485**

Note 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Land	$ 18,708,665	$ 20,162,070
Land improvements	3,495,448	4,153,434
Buildings and improvements	215,629,430	231,850,391
Furniture, fixtures and equipment	33,881,088	34,054,332
Construction in progress	3,295,824	1,455,801
Total property and equipment	275,010,455	291,676,028
Less accumulated depreciation	(58,132,020)	(61,745,357)
	$ 216,878,435	$ 229,930,671

Depreciation expense was $12,267,750 and $8,308,344 for the years ended June 30, 2024 and 2023, respectively. Substantially all land, buildings, improvements, and equipment are pledged to secure debt (see Note 8). For the year ended June 30, 2024 and 2023, $184,570 and $950,342 of interest was capitalized.

Construction in progress at June 30, 2024 primarily consisted of renovations on newly acquired facilities in Mandeville and New Orleans, Louisiana and at June 30, 2023 primarily consisted of the construction of facilities in Lake Charles and Natchitoches, Louisiana.

Note 7: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30:

	2024	2023
Accounts payable	$ 6,964,955	$ 6,047,463
Accrued salaries, wages, benefits, and payroll taxes	10,456,283	7,380,684
Accrued professional liability	1,643,676	2,016,211
Other accrued expenses	954,439	2,897,543
	$ 20,019,393	$ 18,341,901

A liability for premium deficiency losses are recorded in accounts payable and accrued expenses on the consolidated balance sheet. A liability for premium deficiency losses is an actuarial estimate that is recognized when it is probable that expected claim losses and allocable administrative expenses will exceed future premiums on existing health and other contracts. Premium deficiency losses are generally released over the period that the contract is in a loss position. The Company recorded $0 and $600,000 premium deficiency reserve ("PDR") at June 30, 2024 and 2023, respectively, for its Medicare Advantage market segment. Medicare Advantage contracts are considered short duration insurance contracts.

Note 7: ACCOUNTS PAYABLE AND ACCRUED EXPENSES (CONTINUED)

Included in accounts payable are claims payable that represent the amount of payments to be made on individual claims which have been reported to the Plan, as well as estimates of claims incurred which have not yet been reported as of the financial statement dates.

Claims payable is estimated using various actuarial and statistical methods that use both historical financial and operating data. Management believes that the claims payable liability is adequate to satisfy the ultimate claims liabilities. There is a reasonable possibility that the estimates could change by a material amount in the near term. The estimates for claims payable are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations. The claims payable and reserves for incurred but unreported claims were $0 and $1,319,166 at June 30, 2024 and 2023, respectively.

Note 8: LONG-TERM DEBT

Long-term debt consisted of the following as of June 30:	**2024**	2023
Note payable with a financial institution, interest rate is based on the one month LIBOR rate plus 2.45%. The interest rate was 7.91% and 7.49% at June 30, 2024 and 2023, respectively. Interest was payable monthly starting August 1, 2017 and principal payments are paid monthly and commenced on March 1, 2020. The note matures on July 7, 2024, at which time a balloon payment of unpaid principle and interest is due. The Company can make draws on this loan up to $9,195,274. This note is secured by the restricted cash assets and by all other property obtained as a result of the proceeds received. Subsequent to June 30, 2024, $7,423,848 was refinanced. See refinanced debt section.	**$ 7,423,848**	$ 7,783,620
Note payable with a financial institution, interest rate is based on the one month LIBOR rate plus 2.45%. The interest rate was 7.91% and 7.49% at June 30, 2024 and 2023 respectively. Interest is payable monthly starting August 10, 2017 and principal payments are monthly commencing on March 10, 2020. Note matures on July 7, 2024, at which time a balloon payment of unpaid principle and interest is due. This note is secured by all property obtained as a result of the proceeds received. Subsequent to June 30, 2024, $5,130,246 was paid off. See refinanced debt section.	**5,130,246**	5,378,364

Note 8: LONG-TERM DEBT (CONTINUED)	2024	2023
Loan agreement with a financial institution. The interest rate for this loan is a fixed rate of 3.55%. Interest is payable monthly which began August 1, 2017 and the principal balance is due in full at maturity of the loan. The loan matures on July 7, 2024. This note is secured by the restricted cash assets and by all other property obtained as a result of the proceeds received. Subsequent to June 30, 2024, $6,166,400 was paid off. See refinanced debt section.	**$ 6,166,400**	$ 6,166,400
Loan agreement with a financial institution. The interest rate is a fixed rate of 3.55% at June 30, 2024 and 2023. Interest is payable monthly starting August 1, 2017 and principal payments are monthly commencing on September 1, 2024. The loan matures on July 7, 2047. This note is secured by the restricted cash assets and by all other property obtained as a result of the proceeds received.	**2,563,600**	2,563,600
Loan agreement with a financial institution. Interest rate is a fixed rate of 1.00%. Interest only payments are due quarterly starting March 10, 2022. Commencing on June 10, 2028 principal and interest payments are due monthly until the loan matures. The loan matures on May 25, 2051. The note is collateralized by all property pledged, mortgaged or assigned on a skilled nursing facility owned by the Company.	**1,028,525**	1,028,525
Loan agreement with a financial institution. Interest rate is a fixed rate of 1.00%. Interest only payments are due quarterly starting March 10, 2022. Commencing on June 10, 2028 principal and interest payments are due monthly until the loan matures. The loan matures on May 25, 2051. The note is collateralized by all property pledged, mortgaged or assigned on a skilled nursing facility owned by the Company.	**5,000,000**	5,000,000
Loan agreement with a financial institution. Interest rate is a fixed rate of 1.00%. Interest only payments are due quarterly starting March 10, 2022. Commencing on June 10, 2028 principal and interest payments are due monthly until the loan matures. The loan matures on May 25, 2051. The note is collateralized by all property pledged, mortgaged or assigned on a skilled nursing facility owned by the Company.	**1,471,475**	1,471,475

Note 8: LONG-TERM DEBT (CONTINUED)	**2024**	2023
Loan agreement with a financial institution. Interest rate is calculated at LIBOR rate plus 3.80% or the LIBOR Successor Rate, as applicable. The interest rate was 9.19% and 8.84% at June 30, 2024 and 2023, respectively. Interest only payments are due monthly. Commencing on June 15, 2023 principal and interest payments are due monthly until the loan matures. The loan matures on May 25, 2026. The note is collateralized by all property pledged, mortgaged or assigned on a skilled nursing facility owned by the Company.	**$ 6,395,789**	$ 6,583,071
Loan agreement with a financial institution. Interest rate is a fixed rate of 1.68%. Interest only payments are due quarterly starting March 5, 2022. Commencing on June 5, 2028 principal and interest payments are due monthly until the loan matures. The loan matures on May 25, 2051. The note is collateralized by all property pledged, mortgaged or assigned on a skilled nursing facility owned by the Company.	**2,222,100**	2,222,100
Loan agreement with a financial institution. Interest rate is a fixed rate of 1.68%. Interest only payments are due quarterly starting March 5, 2022. Commencing on June 5, 2028 principal and interest payments are due monthly until the loan matures. The loan matures on May 25, 2051. The note is collateralized by all property pledged, mortgaged or assigned on a skilled nursing facility owned by the Company.	**6,597,900**	6,597,900
Loan agreement with a financial institution. Interest rate is a floating interest rate calculated using the SOFR Rate plus 325 basis points with a floor of 4.25%. The interest rate was 8.58% and 8.10% at June 30, 2024 and 2023, respectively. Interest only payments are payable starting September 10, 2022 with a balloon payment of principal and outstanding interest due at maturity, December 10, 2024. The note is collateralized by a first mortgage of certain skilled nursing facilities owned by the Company. Subsequent to June 30, 2024, $19,670,228 was refinaced into HUD backed mortgages. See refinanced debt section.	**26,938,301**	36,267,000

Note 8: LONG-TERM DEBT (CONTINUED)	**2024**	2023
Non-revolving line of credit with a financial institution up to $22,375,552. Interest rate is calculated using the one month LIBOR plus 2.60%. The interest rate was 8.06% and 7.75% at June 30, 2024 and 2023, respectively. Interest only payments were payable starting July 15, 2021 with a balloon payment of principal and outstanding interest due at maturity, July 15, 2026. The note is collateralized by a first priority lien of certain skilled nursing facilities owned by the Company.	**$ 21,649,980**	$ 22,185,531
Loan agreements with a financial institution. Interest rate is calculated using the Benchmark Rate in U.S. Dollars provided by American Financial Exchange on the first day of each month rounded to the nearest one-eighth of one percent, plus 220 basis points with a floor of 2.20%. The interest rate was 7.45% and 3.20% at June 30, 2024 and 2023, respectively. Interest and principal payments were payable starting June 19, 2022 with a balloon payment of principal and outstanding interest due at maturity, May 19, 2027. The note is collateralized by a first priority lien of certain skilled nursing facilities owned by the Company. Subsequent to June 30, 2024, $21,728,667 was refinanced into HUD backed mortgages. See refinanced debt section.	**37,458,667**	39,093,227
A loan with a financial institution, interest rate is calculated using the one month LIBOR or LIBOR Successor Rate plus 2.70%. The interest rate was 8.16% and 7.85% at June 30, 2024 and 2023, respectively. Interest only payments were payable starting June 1, 2021 with principal and interest payments commencing on June 5, 2023. The note matures May 25, 2028. The Company can make draws on this loan up to $6,496,200.	**6,275,747**	6,479,995
A loan with a financial institution, interest rate is a fixed rate at 3.50%. Principal and Interest payments are payable starting July 1, 2023. The note matures July 1, 2052. The note is collateralized by a first priority lien of certain skilled nursing facilities owned by the Company and is insured by HUD under section 232 of the National Housing Act.	**28,373,081**	28,996,489

Note 8: LONG-TERM DEBT (CONTINUED)	2024	2023
A loan with a financial institution, interest rate is a fixed rate at 2.69%. Principal and Interest payments are payable starting July 1, 2023. The note matures March 1, 2057. The note is collateralized by a first priority lien of certain skilled nursing facilities owned by the Company and is insured by HUD under section 232 of the National Housing Act.	**$ 10,445,656**	$ 10,652,280
LPFA Revenue Bonds Series 2014. The bond matures on September 4, 2026 with principal payments due annually and interest payments due quarterly. Interest is a fixed rate at 3.75%. The bonds are collateralized by a first mortgage of an assisted and independent living facility owned by the Company which the bonds were used to finance.	**32,185,641**	33,459,069
A loan with a financial institution, interest rate is calculated using the CME Term SOFR 1MO plus 2.55%. The interest rate at was 7.88% and 7.72% at June 30, 2024 and 2023, respectively. Principal and Interest payments are payable starting July 13, 2023. The note matures September 4, 2026. The note is collateralized by a continuing lien and security interest in and a right of set-off and compensation against all property of the Company.	**17,872,896**	19,149,598
A note payable with an interest rate of 8.45%. Interest and principal payments are payable starting July 19, 2023. The note matures on July 19, 2027. The note is collateralized by security interest in vehicles.	**1,242,566**	-
Seller note payable with an interest rate of 3.5%. Interest only payments until June 2025, the principal and interest payments are based on a 15 year amortization. The note matures on June 13, 2028.	**550,000**	550,000
Total debt obligations	**$ 226,992,418**	$ 241,628,244
Less unamortized deferred financing costs, net	**(2,075,407)**	(2,786,336)
Less unamortized discount on fair value of assumed debt	**(9,311,892)**	(9,750,240)
Less current portion of debt	**(19,190,329)**	(7,012,805)
Long-term debt	**$ 196,414,790**	$ 222,078,863

Note 8: LONG-TERM DEBT (CONTINUED)

Refinanced Debt

Subsequent to June 30, 2024, the Company executed a refinance in the amount of $50,134,00 into HUD backed mortgages secured by real estate. Interest and principal payments on the loans will commence in October and November 2024. The HUD backed mortgages will bear interest rates ranging from 5.47% to 5.67% and mature in October 2056 through October 2057.

On July 7, 2024 the Company refinanced $13,590,248 in notes payable related to New Market Tax Credits. As part of the refinance the Company paid off $6,166,400 and $5,130,246 notes payable and received payment on the note receivable of $6,166,400. Interest and principal payments are due monthly and will commence in August 2024. The note payable bears an interest rate of LIBOR or LIBOR Successor Rate plus 3.80%. The loan matures in May 2026.

At June 30, 2024 $52,726,377 of debt was set to mature during fiscal year 2025, $34,208,636 was subsequently refinanced into new debt and $672,588 in principal payments were made prior to the refinance.

Maturities of principal in the subsequent fiscal years, subsequent to the refinance described above, of debt are as follows:

2025	$	**19,190,329**
2026		**27,185,584**
2027		**101,619,929**
2028		**7,023,078**
2029		**1,919,075**
Thereafter		**99,906,726**
Total	**$**	**256,844,724**

Substantially all of the loan agreements contain financial covenants pertaining to debt service coverage, net worth and liquidity. The Company was in compliance the covenants at June 30, 2024. The Company received a waiver for the covenant requiring it to maintain unencumbered liquid assets greater than $16,000,000 at June 30, 2023.

Substantially all of the loan agreements also have reporting requirements that the Company is in compliance with or if not in compliance has the right and the ability to cure any reporting violations.

The unamortized discount on fair value of assumed debt represents the difference between the outstanding principal amount of debt assumed in a business combination and the fair value of the debt based on market interest rates for similar debt instruments at the time of the acquisition. The difference between the outstanding principal and the fair value is amortized over the life of the loan based on the difference between the market interest rate at the time of acquisition and the stated interest rate of the loan assumed.

Note 8: LONG-TERM DEBT (CONTINUED)

The Company entered into interest rate swap contracts that effectively convert the interest rate on certain notes payable to fixed rates. The swap agreements commence on dates ranging from July 2, 2020 to July 15, 2023 and end on dates ranging from July 7, 2024 to May 25, 2028. The total notional value of the swap agreements as of June 30, 2024 and 2023 was $47,072,937 and $48,607,324, respectively. The notional amount under the swap agreements will decrease as principal payments are made on the notes payable so that the notional amount on the swaps equals the principal outstanding on the notes payable.

The carrying amount of the swaps have been adjusted to the fair values at June 30, 2024 and 2023, which because of changes in forecasted levels of SOFR resulted in reporting an asset of $1,805,773 and an asset of $3,358,957 at June 30, 2024 and 2023, respectively. The change in the asset or liability is reported as a component of non-operating revenues (expenses) on the consolidated statements of revenues, expenses, and changes in net assets.

Note 9: NET PATIENT SERVICE REVENUE

The Company disaggregates revenue from contracts with customers by type and by payor.

Revenue by Service Type

The Company's net patient service revenue can generally be classified into the two categories: (1) inpatient services, which include operation of skilled nursing facilities, assisted and independent living facilities, and memory care, and (2) homecare and hospice services.

The composition of net patient service revenue based on the Company's lines of business and timing of revenue recognition for the years ended June 30, are as follows:

June 30,	2024	2023
Skilled nursing services	$ 188,503,760	$ 140,064,304
Independent and assisted living services	11,293,251	440,119
Homecare and hospice service	9,169,615	5,231,463
Total net patient service revenues	$ 208,956,626	$ 145,735,886

Revenue by Payor

Certain groups of patients receive funds to pay the cost of their care from a common source. The percentage mix of net revenues from the delivery of patient services by payors were as follows:

For the year ended June 30,	2024	2023
Medicaid	55%	56%
Medicare	26%	32%
Other, including VA, Hospice and Private Payment	19%	13%
	100%	100%

Note 9: NET PATIENT SERVICE REVENUE (CONTINUED)

Revenue by Payor (Continued)

The percentage mix of net receivables outstanding from the delivery of patient services by payors were as follows:

June 30,	**2024**	2023
Medicaid	**61%**	**56%**
Medicare	**19%**	**28%**
Other, including VA, Hospice and Private Payment	**20%**	**16%**
	100%	**100%**

Medicare covers skilled nursing services for beneficiaries who require nursing care and/or rehabilitation services following a hospitalization of at least three consecutive days. For each eligible day a Medicare beneficiary is in a skilled nursing facility, Medicare pays the facility a daily payment, subject to adjustment for certain factors such as a wage index in the geographic area. The payment covers all services provided by the skilled nursing facility for the beneficiary that day, including room and board, nursing, therapy and drugs, as well as an estimate of capital–related costs to deliver those services.

For homecare services, Medicare pays based on the acuity level of the patient and based on periods of care. A period of care is defined as a length of care up to 30 days with multiple continuous periods allowed. The services covered by the payment include all disciplines of care, in addition to medical supplies, within the scope of the home health benefit.

For hospice services, Medicare pays a daily rate to cover the hospice's costs for providing services included in the patient care plan. Medicare makes daily payments based on 1 of 4 levels of hospice care. All hospice care and services offered to patients and their families must follow an individualized written plan of care that meets the patient's needs.

Hospice service revenue is subject to certain limitations on payments from Medicare. We are subject to an inpatient cap limit and an overall Medicare payment cap for each provider number. We monitor these caps on a provider-by-provider basis and estimate amounts due back to Medicare if we estimate a cap has been exceeded. If applicable, we record these cap adjustments as a reduction to revenue.

Medicaid is operated by individual states with the financial participation of the federal government. The states in which we operate currently use prospective cost–based reimbursement systems. Under cost–based reimbursement systems, the skilled nursing facility is reimbursed for the reasonable direct and indirect allowable costs it incurred in a base year in providing routine resident care services as defined by the program.

Note 9: NET PATIENT SERVICE REVENUE (CONTINUED)

Private pay, managed care, and other payment sources include commercial insurance, individual patient funds, managed care plans and the Veterans Administration. Private paying patients, private insurance carriers and the Veterans Administration generally pay based on the healthcare center's charges or specifically negotiated contracts. For private pay patients in skilled nursing, assisted living and independent living facilities, the Company bills for room and board charges, with the remittance being due on receipt of the statement.

Certain managed care payors for homecare services pay on a per-visit basis. This revenue is recorded on an accrual basis based upon the date of services at amounts equal to its established or estimated per-visit rates.

Note 10: CONCENTRATIONS OF CREDIT RISK

The Company maintains cash with financial institutions in excess of the FDIC limit of $250,000 by $31,528,524 and $23,311,934 at June 30, 2023 and 2024, respectively.

Note 11: COMMITMENTS

There are various claims and litigation against the Company that could materially affect its financial position at the time of the ultimate settlement of such actions. For medical malpractice cases in Louisiana, the Company is self-insured up to the first $100,000 per claim and is covered for the excess over $100,000 up to the statutory malpractice damages "cap" of $500,000 through enrollment in the Louisiana Patients' Compensation Fund (the Fund).

Management is of the opinion that the Company's reserve provides adequate coverage for the first $100,000 of each claim outstanding.

Due to the state of nursing home litigation and the unpredictability of jury verdicts, it is the opinion of management that it is reasonably possible that this estimate will change in the near term. However, the Company does not expect any such changes to the estimate to be material to the Company’s consolidated financial statements. The Company has recorded a reserve in accounts payable and accrued expenses of $1,634,676 and $2,016,211 at June 30, 2024 and 2023, respectively, for the claims.

The Company has elected to self-insure employee and eligible dependent health claims. The self-insured claims are processed through a third party plan administrator. The Company’s self-insured plan has stop-loss insurance coverage for claims in excess of $100,000 per individual per plan year and $125,000 in the aggregate for claims in excess of the individual stop-loss. The Company has recorded a current liability in accounts payable and accrued expenses for open claims and claims incurred but not reported of $1,183,537 and $1,029,114 at June 30, 2024 and 2023, respectively.

Note 12: LEASES

The Company has operating and finance leases for office space, land, and equipment. The leases have remaining terms of two to fifty seven years, some of which may include options to extend the leases, and some of which may include options to terminate the leases. The optional periods are only included in determining the lease term if the Company determines they are reasonably likely to exercise the option.

The weighted average remaining lease term and weighted average discount rate for the operating leases were thirteen years and three months and fourteen years and four months and 3.37% and 2.98% at June 30, 2024 and 2023, respectively. Lease expense for the years ended June 30, 2024 and 2023, was $1,415,832 and $1,324,207, respectively.

The Company entered a finance lease for a parcel of land in October 2023 and determined the present value of the lease payments represents substantially all of the fair value of underlying asset. The weighted average remaining lease term and weighted average discount rate for the finance lease was 57 years and 5.30% at June 30, 2024. Amortization on the right of use asset was $92,330 and interest expense was $283,294 for the year ended June 30, 2024. The lease agreement contains escalating lease payments where the cash payments exceed the principal payments until 2052.

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

For the years ending June 30,	Operating Leases	Finance Leases
2025	$ 1,194,538	$ 228,000
2026	545,675	300,500
2027	480,603	306,510
2028	417,463	312,640
2029	170,832	318,893
Thereafter	4,118,560	29,055,350
Total future minimum lease payments	6,927,671	30,521,893
Less imputed interest	(2,175,156)	(23,133,186)
Present value of lease liabilities	$ 4,752,515	$ 7,388,707

Note 13: DEFINED CONTRIBUTION PLAN

The Company sponsors a defined contribution plan (the Plan) covering all employees that are at least 21 years of age and have completed one year of service. Under provisions of the plan, the Employer must match 100% of each employee's contributions up to the first 1% of the employee's annual compensation and match 50% of each employee's contribution up to an additional 5% of the employee's annual compensation. Employer contribution expenses were $1,496,262 and $1,071,794 for the years ended June 30, 2024 and 2023, respectively.

Note 14: RELATED PARTIES

During the years ended June 30, 2024 and 2023, entities controlled by certain members of management acquired non-controlling interests in CCC Pharmacy, LLC and Post Acute Holdings, LLC. For the year ended June 30, 2023 contributions from and distributions to the related parties totaled $4,977,243 and $475,000, respectively. For the year ended June 30, 2024 distributions to the related parties totaled $1,050,000 and there were no contributions.

Note 15: FUNCTIONAL CLASSIFICATION OF EXPENSES

Costs related to program administration are functionally classified as supporting services expenses. Any costs related to activities that constitute direct conduct or direct supervision of program activities are program expenses. The Company did not have any fundraising expenses for the year ended June 30, 2024 and 2023. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Company. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Nursing services, general and administrative, therapy and ancillary services, cost of pharmacy sales, dietary and food, plant operations and maintenance, provider fees, housekeeping and laundry, activities and social services, bad debt expense, advertising costs, and community services costs have been allocated based on actual direct expenditures excluding salary and benefit costs. Salaries and benefits have been allocated based on time and effort. Lease expenses have been allocated based on use of space. The table below presents expenses by both their nature and function for the years ended June 30, 2024 and 2023:

For the year ended June 30, 2024	Program Services	Support Services	**Total**
Salaries and benefits	$ 93,764,629	$ 31,708,687	**$ 125,473,316**
Nursing services	9,038,693	112,102	**9,150,795**
General and administrative	-	18,763,321	**18,763,321**
Therapy and ancillary services	12,703,543	-	**12,703,543**
Cost of pharmacy sales	14,998,733	-	**14,998,733**
Dietary and food	6,969,941	-	**6,969,941**
Depreciation and amortization	8,824,088	3,462,495	**12,308,743**
Plant operations and maintenance	-	9,077,898	**9,077,898**
Provider fees	7,474,747	-	**7,474,747**
Housekeeping and laundry	1,155,507	-	**1,155,507**
Activities and social services	553,948	-	**553,948**
Bad Debt Expense	309,847	-	**309,847**
Lease expense	-	1,415,832	**1,415,832**
Advertising costs	-	324,360	**324,360**
Community services	-	85,680	**85,680**
Total operating expenses	$ 155,815,836	$ 64,950,375	**$ 220,766,211**

Note 15: FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

For the year ended June 30, 2023	Program Services	Support Services	**Total**
Salaries and benefits	$ 63,818,758	$ 23,926,219	**$ 87,744,977**
Nursing services	9,819,036	126,518	**9,945,554**
General and administrative	-	21,029,538	**21,029,538**
Therapy and ancillary services	10,179,266	-	**10,179,266**
Cost of pharmacy sales	10,900,367	-	**10,900,367**
Dietary and food	4,760,857	-	**4,760,857**
Depreciation and amortization	5,976,228	2,342,332	**8,318,560**
Plant operations and maintenance	-	6,188,852	**6,188,852**
Provider fees	6,032,005	-	**6,032,005**
Housekeeping and laundry	840,351	-	**840,351**
Activities and social services	245,344	-	**245,344**
Bad Debt Expense	209,362	-	**209,362**
Lease expense	-	1,324,207	**1,324,207**
Advertising costs	-	156,298	**156,298**
Community services	-	57,269	**57,269**
Total operating expenses	$ 112,781,574	$ 55,151,233	**$ 167,932,807**

Note 16: ACQUISITIONS

The Company formed a joint venture, Post Acute Holdings, LLC (PAH) wherein the Company obtained 55% ownership. On November 16, 2022, PAH purchased the home healthcare and hospice services and licenses of Notre Dame Health Systems for $11,000,000. Notre Dame Health System is affiliated with the Archdiocese of New Orleans and its home healthcare and hospice serves patients throughout Southeast Louisiana and Coastal Mississippi.

On June 13, 2023, the Company acquired three skilled nursing facilities as well as two assisted living facilities and one independent living facility from Notre Dame Health Systems (the "Seller"). Total consideration paid to the Seller was $21,442,162 which included a $550,000 seller note payable. The fair value of the net assets acquired is as follows:

Cash and restricted cash	$ 3,039,889
Real estate	65,446,713
Personal property	4,040,000
Other assets	65,770
Intangible assets (CONs)	21,620,000
Debt assumed	(63,357,597)
Total fair value of net assets acquired	$ 30,854,775

Note 16: ACQUISITIONS (Continued)

As a result of the fair value of the net assets exceeding the consideration paid by the Company, management reassessed the assets acquired and liabilities assumed and determined that the difference primarily related to the discount of the debt assumed at fair value compared to the amount owed on the outstanding obligations (see Note 8). The difference between the fair value of the net assets acquired and consideration transferred to the Seller was recorded as gain on acquisition of $9,412,611 for the year ended June 30, 2023.

To finance the acquisition, the Company obtained a note payable from a financial institution in the amount of $19,149,598. The Company also recorded $556,312 of acquisition related costs for legal, consulting, and related services. These costs are recorded in general and administrative expenses on the consolidated statements of revenues, expenses and changes in net assets for the year ended June 30, 2023.

Note 17: DISPOSALS

During the year ended June 30, 2024 the Company sold three facilities, the operations of two skilled nursing facilities, and a home health license. As part of the sales the company received $27,158,620 in proceeds for property, plant, and equipment and CONs with a net book value of $10,497,422 and $1,781,652, respectively. The gain on the disposal of assets for year ended June 30, 2024 was $14,879,546.

SUPPLEMENTARY INFORMATION

Commcare Corporation
Schedule of Compensation, Benefits, and Other Payments to Agency Head

Agency Head Name: Dr. Patricia Prechter, President and CEO

Purpose	**Amount**	
Salary	$	-
Benefits-insurance		-
Benefits-retirement		-
Benefits-medicare		-
Benefits-worker's compensation		-
Benefits-unemployment		-
Cell phone and Ipad dues		-
Uniforms		-
Per diem		-
Reimbursements-advertising		-
Travel		-
Fuel usage		-
Conference travel (Including Hotel Stays)		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
Total	$	-

*** Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expenses, per diem, and registration fees be reported as a supplemental report within the financial statement of local governmental and quasi-public auditees. In 2015 Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.**

CommCare Corporation
Consolidating Balance Sheet

June 30, 2024	CommCare	CommCare Avoyelles	CommCare Natchitoches	CommCare Tangipahoa	CommCare Catahoula	CommCare EBR	CommCare Center Point	CommCare Ouachita	CommCare Slidell	CommCare St. Tammany	CommCare Baton Rouge	CommCare Rapides	Chateau De Notre Dame Facilities Corporation	Our Lady of Wisdom Facility Corporation	CommCare Management	Dignity Care	CommCare Louisiana	CCC Pharmacy	Post Acute Holdings, LLC	Eliminations	**Totals**
Assets																					
Current assets																					
Cash and cash equivalents	$ 15,692,923	$ 11,184	785,674	$ 509,578	$ -	$ 221,793	$ -	$ 7,659	$ 1,000	$ 1,000	$ -	$ -	$ 174,139	$ 284,674	$ 4,706,088	$ -	1,963,654	$ 1,069,913	706,263	$ -	**$ 26,135,542**
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Accounts receivable, net	22,292,650	149,468	54,158	-	-	200,265	-	198,255	-	50,570	-	-	-	-	2,092,649	-	0	1,191,390	2,440,874	(2,471,896)	**26,198,383**
Prepaid expenses and other current assets	1,236,496	105,205	121,659	129,295	-	98,971	-	87,654	150,565	100,604	-	-	593,547	313,406	171,733	-	6,169	771,117	33,444	-	**3,919,865**
Intercompany	7,461,349	(1,594,043)	(11,818,122)	(168,089)	(217,654)	3,024,489	(331,606)	3,985,721	-	-	-	-	-	-	-	-	(342,045)	-	-	-	**-**
Note receivable	6,166,400	-		-	-	-	-	-							-	-	-	-		-	**6,166,400**
Total current assets	52,849,818	(1,328,186)	(10,856,631)	470,784	(217,654)	3,545,518	(331,606)	4,279,289	151,565	152,174	-	-	767,686	598,080	6,970,470	-	1,627,778	3,032,420	3,180,581	(2,471,896)	**62,420,190**
Non-current assets																					
Restricted cash	3,529,729	57,768	459,118	-	-	(119,207)	-	127,439	-	-	-	-	630,782	597,904	-	-	560,000	-	-	-	**5,843,533**
Notes receivable	22,089,398	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	521,308	-	-	(11,491,381)	**11,119,325**
Investments in majority owned subsidiaries	6,601,539	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,247,746	-	-	(17,849,285)	**-**
Equity method investment	2,949,430	-	-	-	-	-	-	-							-	-	-	-		-	**2,949,430**
Intangible assets	39,614,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,603	-	9,580,389	-	**49,281,354**
Goodwill	6,456,944	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**6,456,944**
Fair value of interest rate swaps	1,421,345	-	365,249	19,179	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,805,773**
Miscellaneous	55,742	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,173	35,773	1,435	-	**116,123**
Operating lease right-of-use assets, net	4,344,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	393,349	-	**4,737,351**
Finance lease right-of-use assets, net	6,986,306	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	**6,986,306**
Property and equipment, net	129,004,369	8,671,248	20,808,229	14,651,932	-	6,948,628	-	5,428,252	-	-	-	-	25,897,642	6,373,265	132,969	-	-	246,519	5,991	(1,290,609)	**216,878,435**
Total non-current assets	223,053,166	8,729,016	21,632,596	14,671,111	-	6,829,421	-	5,555,691	-	-	-	-	26,528,424	6,971,169	132,969	-	12,438,830	282,292	9,981,164	(30,631,275)	**306,174,574**
Total assets	$ 275,902,984	$ 7,400,830	$ 10,775,965	$ 15,141,895	$ (217,654)	$ 10,374,939	$ (331,606)	$ 9,834,980	$ 151,565	$ 152,174	$ -	$ -	$ 27,296,110	$ 7,569,249	$ 7,103,439	$ -	$ 14,066,608	$ 3,314,712	$ 13,161,745	$ (33,103,171)	**$ 368,594,764**
Liabilities and Net Assets																					
Current liabilities																					
Accounts payable and accrued expenses	$ 13,765,692	125,813	$ -	$ 10,430	$ -	$ 118,333	$ -	$ 162,998	$ 181,678	$ 172,295	$ 813	$ 1,618	$ 82,755	$ 237,137	$ 5,194,441	$ -	$ 599,835	$ 481,074	1,356,377	(2,471,896)	**$ 20,019,393**
Current portion of long-term debt	18,056,209	-	324,810	-	-	-	-	-	-	-	-	-	607,677	201,633	-	-	-	-	-	-	**19,190,329**
Current portion of finance lease	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Current portion of operating leases	934,706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124,905	-	**1,059,611**
Total Current Liabilities	32,756,607	125,813	324,810	10,430	-	118,333	-	162,998	181,678	172,295	813	1,618	690,432	438,770	5,194,441	-	599,835	481,074	1,481,282	(2,471,896)	**40,269,333**
Long-term liabilities																					
Long-term debt, less current portion and less debt issuance costs	109,532,737	8,340,815	11,964,036	16,135,117	-	10,817,267	-	10,108,862	-	-	-	-	27,354,728	9,973,864	-	-	-	-	2,997,911	(10,810,547)	**196,414,790**
Finance Lease liabilities, less current portion	7,388,707	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**7,388,707**
Operating Lease liabilities, less current portion	3,424,460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	268,444	-	**3,692,904**
Total long-term liabilities	120,345,904	8,340,815	11,964,036	16,135,117	-	10,817,267	-	10,108,862	-	-	-	-	27,354,728	9,973,864	-	-	-	-	3,266,355	(10,810,547)	**207,496,401**
Total liabilities	153,102,511	8,466,628	12,288,846	16,145,547	-	10,935,600	-	10,271,860	181,678	172,295	813	1,618	28,045,160	10,412,634	5,194,441	-	599,835	481,074	4,747,637	(13,282,443)	**247,765,734**
Net assets without donor restrictions																					
CommCare	117,738,987	(1,065,798)	(1,512,881)	(1,003,652)	(217,654)	(560,661)	(331,606)	(436,880)	(30,113)	(20,121)	(813)	(1,618)	(749,050)	(2,843,385)	1,908,998	-	8,405,287	2,833,638	8,414,108	(14,759,242)	**115,767,544**
Noncontrolling interest in subsidiaries	5,061,486	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,061,486	-	-	(5,061,486)	**5,061,486**
Total Net Assets	122,800,473	(1,065,798)	(1,512,881)	(1,003,652)	(217,654)	(560,661)	(331,606)	(436,880)	(30,113)	(20,121)	(813)	(1,618)	(749,050)	(2,843,385)	1,908,998	-	13,466,773	2,833,638	8,414,108	(19,820,728)	**120,829,030**
Total liabilities and net assets	$ 275,902,984	$ 7,400,830	$ 10,775,965	$ 15,141,895	$ (217,654)	$ 10,374,939	$ (331,606)	$ 9,834,980	$ 151,565	$ 152,174	$ -	$ -	$ 27,296,110	$ 7,569,249	$ 7,103,439	$ -	$ 14,066,608	$ 3,314,712	$ 13,161,745	$ (33,103,171)	**$ 368,594,764**

CommCare Corporation
Consolidating Statement of Revenues, Expenses, and Changes in Net Assets

For the year ended June 30, 2024	CommCare	CommCare Avoyelles	CommCare Natchitoches	CommCare Tangiphoa	CommCare Catahoula	CommCare EBR	CommCare Center Point	CommCare Ouachita	CommCare Slidell	CommCare St. Tammany	CommCare Baton Rouge	CommCare Rapides	Chateau De Notre Dame Facilities Corporation	Our Lady of Wisdom Facility Corporation	CommCare Management	Dignity Care	CommCare LA	CCC Pharmacy	Post Acute Holdings, LLC	Eliminations	Total
Revenue without donor restrictions, gains, and other support																					
Patient service revenue	199,787,011	-		-											-	-	-	-		-	**$ 199,787,011**
Provision for bad debts	-	-		-											-	-	-	-		-	**-**
Patient service revenue, net	$ 199,787,011	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	11,386,944	$ (2,217,329)	**$ 208,956,626**
Pharmacy sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,286,879	-	(4,191,664)	**18,095,215**
Premium Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	737,897	-	-	-	-	**737,897**
Management fee income	1,976,264	-	-	-	-	-	-	-	-	-	-	-	-	-	13,736,623	-	-	-	45,923	(14,925,316)	**833,494**
Lease Income	406,410	944,000	900,853	1,500,000	266,000	850,000	428,000	898,000	-	-	-	-	2,186,163	767,366	84,000	-	21,933	-	3,500	(9,217,220)	**39,005**
Contribution Revenue	-	-	-	-	-	-	-	-					-	-	-	-	-	-	-	-	**-**
Grant Revenue	2,104,826	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2,104,826**
Other operating revenues	1,454,337	-	-	-	-	-	-	-	-	-	-	-	-	-	194,513	-	56,112	-	51	-	**1,705,013**
Total revenue without donor restrictions, gains, and other support	205,728,848	944,000	900,853	1,500,000	266,000	850,000	428,000	898,000	-	-	-	-	2,186,163	767,366	14,015,136	737,897	78,045	22,286,879	11,436,418	(30,551,529)	**232,472,076**
Operating expenses																					
Nursing services	81,814,963	-	-	-	-	-	-	-	-	-	-	-	-	-	2,381,979	-	-	-	8,123,063	(2,217,329)	**90,102,676**
General and Administrative	27,678,750	26,442	41,957	67,838	7,895	31,056	8,744	28,479	30,113	20,121	813	1,618	326,754	114,741	11,046,798	571,594	81,836	3,188,342	2,024,210	(143,206)	**45,154,895**
Therapy and ancillary services	16,576,940	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	318,267	(4,191,664)	**12,703,543**
Cost of goods sold- pharmacy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,998,733	-	-	**14,998,733**
Dietary and food	13,410,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**13,410,517**
Depreciation and amortization	8,501,470	569,372	980,859	664,961	62,504	290,895	116,230	239,874	-	-	-	-	704,389	129,409	27,995	-	14,913	58,852	4,331	(57,311)	**12,308,743**
Plant operations and maintenance	10,501,434	-	-	-	-	-	-	-	-	-	-	-	-	54,741	232,606	-	-	-	40,430	-	**10,829,211**
Provider fees	7,434,645	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,102	-	-	**7,474,747**
Housekeeping and laundry	6,560,447	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	**6,560,447**
Activities and social services	3,172,209	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	402,396	-	**3,574,605**
Bad debt expense	309,847	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**309,847**
Lease expense	10,425,701	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	207,351	(9,217,220)	**1,415,832**
Advertising costs	1,153,698	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,575	679,462	-	**1,836,735**
Community services	85,680	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**85,680**
Management fees	14,079,459	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,424	-	645,433	(14,925,316)	**-**
Total operating expenses	201,705,760	595,814	1,022,816	732,799	70,399	321,951	124,974	268,353	30,113	20,121	813	1,618	1,031,143	298,891	13,689,378	571,594	297,173	18,289,604	12,444,943	(30,752,046)	**220,766,211**
Operating income	4,023,088	348,186	(121,963)	767,201	195,601	528,049	303,026	629,647	(30,113)	(20,121)	(813)	(1,618)	1,155,020	468,475	325,758	166,303	(219,128)	3,997,275	(1,008,525)	200,517	**11,705,865**
Non-operating revenues (expenses)																					
Loss on disposal of assets	15,877,090	-	-	-	-	-	-	-	-	-	-	-	(38,855)	-	-	-	19,290	2,171	(980,150)	-	**14,879,546**
Impairment of long lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Miscellaneous income (expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(144,608)	-	0	(21,663)	-	-	**(166,271)**
Equity in earnings of subsidiaries	41,310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,793,896	-	-	(1,835,206)	**-**
Gain on equity method investment	267,485	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**267,485**
Debt forgiveness	-	-	-	-	-	-	-	-							0	-	-	-		-	**-**
Interest income	871,126	707	50,954	3	-	1,001	-	913	-	-	-	-	6,516	2,776	-	-	21,308	68,832	-	(264,044)	**760,092**
Interest expense	(7,652,176)	(852,341)	(570,540)	(554,553)	(263,883)	(766,726)	(400,214)	(815,733)	-	-	-	-	(1,101,158)	(322,003)	-	-	(116,920)	-	(264,044)	240,565	**(13,439,726)**
Unrealized gain (loss) on swaps	(1,151,154)	-	(155,046)	(246,984)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**(1,553,184)**
Gain on sale of majority interest in subsidiary	787,255	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-		-	**787,255**
Total non-operating revenues (expenses)	9,040,936	(851,634)	(674,632)	(801,534)	(263,883)	(765,725)	(400,214)	(814,820)	-	-	-	-	(1,133,497)	(319,227)	(144,608)	-	1,717,574	49,340	(1,244,194)	(1,858,685)	**1,535,197**
Change in net assets without donor restrictions	13,064,024	$ (503,448)	$ (796,595)	$ (34,333)	$ (68,282)	$ (237,676)	$ (97,188)	$ (185,173)	$ (30,113)	$ (20,121)	$ (813)	$ (1,618)	$ 21,523	$ 149,248	$ 181,150	$ 166,303	$ 1,498,446	$ 4,046,615	$ (2,252,719)	$ (1,658,168)	**$ 13,241,062**
Less change in net assets attributable to noncontrolling interests	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	(767,208)	-	-	-	**(767,208)**
Total changes in net assets without donor restrictions	13,064,024	(503,448)	(796,595)	(34,333)	(68,282)	(237,676)	(97,188)	(185,173)	(30,113)	(20,121)	(813)	(1,618)	21,523	149,248	181,150	166,303	731,238	4,046,615	(2,252,719)	(1,658,168)	**12,473,854**
Net assets																					
Beginning of year	110,667,259	$ (562,350)	$ (365,513)	$ (794,319)	$ (149,372)	$ (322,985)	$ (234,418)	$ (251,707)	$ -	$ -	$ -	$ -	$ (770,573)	$ (2,992,633)	$ 1,727,848	$ 3,730,980	$ 14,291,744	$ 2,987,023	$ 10,666,827	$ (28,149,843)	**$ 109,477,968**
Contributions by noncontrolling shareholder in subs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Distributions to noncontrolling shareholder in subs	(1,890,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,897,283)	(1,890,000)	(4,200,000)	-	9,987,283	**(1,890,000)**
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Intercompany equity transfer	959,190	-	(350,773)	(175,000)	-	-	-	-	-	-	-	-	-	-	-	-	(433,417)	-	-	-	**-**
End of year	$ 122,800,473	$ (1,065,798)	$ (1,512,881)	$ (1,003,652)	$ (217,654)	$ (560,661)	$ (331,606)	$ (436,880)	$ (30,113)	$ (20,121)	$ (813)	$ (1,618)	$ (749,050)	$ (2,843,385)	$ 1,908,998	$ -	$ 13,466,773	$ 2,833,638	$ 8,414,108	$ (19,820,728)	**$ 120,829,030**

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

Board of Directors
CommCare Corporation
Mandeville, 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 CommCare Corporation (the Company) (a nonprofit organization), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of revenues, expenses and changes in net assets, and cash flows, for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Mandeville, Louisiana
December 16, 2024

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

To the Board of Directors of
CommCare Corporation
Mandeville, Louisiana

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited CommCare Corporation's (the Company) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Company's major federal program for the year ended June 30, 2024. The Company's major federal program is identified in the summary auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on The Major Federal Program

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

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Carr, Riggs & Ingram, L.L.C.

Mandeville, Louisiana
December 16, 2024

CommCare Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures ($)	Amount Passed through to Subrecipient	Federal Expenditures ($)
Department of Homeland Security					
Passed Through State of Louisiana					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	n/a	$ 27,990	$ -	$ 27,990
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	n/a	2,076,836	-	2,076,836
Total Passed Through State of Louisiana			2,104,826	-	2,104,826
Total Expenditures of Federal Awards			$ 2,104,826	$ -	$ 2,104,826

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – This schedule includes the activity of CommCare Corporation (the Company) and is presented on the accrual basis of accounting. 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).

Note 2: INDIRECT COST RATE

The Company has not elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: LOAN

The Company did not expend federal awards related to loans or loan guarantees during the year.

Note 4: FEDERALLY FUNDED INSURANCE

The Company has no federally funded insurance.

Note 5: NONCASH ASSISTANCE

The Company did not receive any federal noncash assistance for the fiscal year ended June 30, 2024.

Note 6: FEMA EXPENDITURES

The recognition and timing of FEMA expenditures and the obligation of funding differs from the fiscal year end of the Company. The federal expenditures for the year ended June 30, 2024 includes $1,008,340, $104,191, $220,490 and $771,805 of expenditures reported for the years ended June 30, 2020, 2021, 2022, 2023, respectively, on the consolidated statements of revenues, expenses and changes in net assets.

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Type of auditor's report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No
4. Identification of major programs	

CFDA Number	Federal Program
97.036	Disasters Grants – Public Assistance (Presidentially Declared Disasters)

5. Dollar threshold used to distinguish between type A and type B programs	$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	Yes

Section II – Consolidated Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Prior Audit Finding

2023-001 – SIGNIFICANT DEFICIENCY – Internal Controls over Allowable Costs

Department of Health and Human Services – Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution – ALN #93.498 – Program Years 2021 and 2022

Criteria:	Per 2 CFR 200.303(a) and 2 CFR 200.403(g) non-federal entities are required to establish and maintain effective internal controls over federal awards and adequately document costs charged to federal programs.
Auditor's Recommendation:	We recommend that CommCare design, implement, and monitor controls to ensure the appropriate benefits enrollment forms are maintained.
Status:	Resolved

2023-002 – Noncompliance – Late Filing Finding

Criteria:	Per Louisiana Revised Statute 24:513, CommCare is required to complete and submit an audit to the Louisiana Legislative Auditor "within six months of the close of the local auditee's or vendor's fiscal year."
Auditor's Recommendation:	We recommend CommCare implement controls and processes to ensure all required reports are submitted timely.
Status:	Resolved

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
CommCare Corporation
Mandeville, Louisiana 70471

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. CommCare Corporation's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

1) Written Policies and Procedures

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

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

Results: No exceptions were found as a result of applying the above procedure.

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.

Results*:* No exceptions were found as a result of applying the above procedure.

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

Results: No exceptions were found as a result of applying the above procedure.

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

   Results: No exceptions were found as a result of applying the above procedure.

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

   Results: No exceptions were found as a result of applying the above procedure.

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.

   Results: No exceptions were found as a result of applying the above procedure.

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

   Results: No exceptions were found as a result of applying the above procedure.

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

   Results: No exceptions were found as a result of applying the above procedure.

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

   Results: No exceptions were found as a result of applying the procedure.

2) Board or Finance Committee

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

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

      Results: No exceptions were found as a result of applying the procedure.

b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Entity's collections during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

3) Bank Reconciliations

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

Results: No exceptions were found as a result of applying the procedure.

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: No exceptions were found as a result of applying the procedure.

b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were found as a result of applying the procedure.

B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

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

      Results: No exceptions were found as a result of applying the procedure.

   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;

      Results: No exceptions were found as a result of applying the procedure.

   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; and

      Results: No exceptions were found as a result of applying the procedure.

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

      Results: No exceptions were found as a result of applying the procedure.

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

   Results: No exceptions were found as a result of applying the procedure.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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.

      Results: No exceptions were found as a result of applying the procedure.

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

      Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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 and the cash is stored securely in a locked safe or drawer).

Results: Exceptions noted; seven of the ten deposits selected were not deposited within one business day of receipt at the collection location.

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

Results: No exceptions were found as a result of applying the procedure.

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

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were found as a result of applying the procedure.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then 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 or making the purchase;

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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;

Results: No exceptions were found as a result of applying the procedure.

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; and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

C. For each location selected under procedure #5A above, obtain the Entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

a) Observe that the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the Entity.

Results: No exceptions were found as a result of applying the procedure.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Results: No exceptions were found as a result of applying the procedure.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and

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

Results: Exceptions noted; three of the five cards selected were not reviewed and approved, in writing by someone other than the authorized card holder.

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

Results: No exceptions were found as a result of applying the procedure.

C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Exceptions noted; four of the random transactions selected from the March 2024 credit card statement were not supported with a receipt identifying what was purchased, or written documentation of the business purpose. One of the random transactions selected from the March 2024 credit card statement did not document the individual participants of the meal expense. Two of the random transactions selected from the March 2024 credit card statement were not supported with an itemized receipt.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(g); and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

9) Payroll and Personnel

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

Results: No exceptions were found as a result of applying the procedure.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

c) Observe that any leave accrued or taken during the pay period is reflected in the Entity's cumulative leave records; and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: Exceptions noted; one of the two terminated employees selected did not have an authorized pay rate in their personnel files.

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

Results: No exceptions were found as a result of applying the procedure.

10) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Entity is domiciled as required by R.S. 24:523.

   Results: No exceptions were found as a result of applying the procedure.

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

   Results: No exceptions were found as a result of applying the procedure.

11) Information Technology Disaster Recovery/Business Continuity

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

   a) Obtain and inspect the Entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

      Results: We performed the procedure and discussed the results with management.

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

      Results: We performed the procedure and discussed the results with management.

   c) Obtain a listing of the Entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

      Results: We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

   Results: We performed the procedure and discussed the results with management.

We were engaged by the Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of

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

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

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

Carr, Riggs & Ingram, L.L.C.

Mandeville, Louisiana
December 16, 2024

CommCare Corporation

December 16, 2024

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
3850 N. Causeway Blvd.
Suite 1400
Metairie, LA 70002

RE: Management's Response to Statewide Agreed-Upon Procedures CommCare Corporation

Dear Sirs:

CommCare Corporation will review policies and procedures in regard to the results for each procedure exception and make appropriate changes that are cost effective and within our budget constraints.

Sincerely,

Alec Lundberg
Chief Financial Officer

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