

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018

**NO/AIDS TASK FORCE
DBA: CRESCENTCARE
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of NO/AIDS Task Force dba: CrescentCare and CrescentCare Holdings, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion


In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NO/AIDS Task Force dba: CrescentCare and CrescentCare Holdings as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental financial information as listed in the table of contents as consolidating statement of financial position on page 27, consolidating statement of activities and changes in net assets on page 29, schedule of compensation, benefits, and other payments to chief executive officer on page 31, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2020, on our consideration of CrescentCare’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CrescentCare’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CrescentCare’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 16, 2020

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

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,311,789	\$ 836,180
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	9,023,744	7,916,754
Prepaid Expenses	361,181	376,377
Deposits	76,519	63,824
Total Current Assets	10,773,233	9,193,135
ASSETS LIMITED AS TO USE		
Held by Trustee for Reserve Fund	126,113	193,748
Held by Trustee for Project Fund	1,005	8,096,819
Total Assets Limited as to Use	127,118	8,290,567
INVESTMENTS AND OTHER ASSETS		
Investments	3,052,601	2,438,752
Receivable for 1631 Elysian Fields Project	14,027,240	14,027,240
Investment in Housing Partnership	400,108	400,108
Total Investments	17,479,949	16,866,100
PROPERTY AND EQUIPMENT, NET OF DEPRECIATION AND AMORTIZATION		
	22,008,691	16,920,499
Total Assets	\$ 50,388,991	\$ 51,270,301
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Portion of Long-Term Debt	\$ 370,945	\$ 237,218
Accounts Payable	3,463,001	2,018,898
Construction Payable	6,800	1,866,450
Accrued Payroll	427,601	370,937
Accrued Compensated Absences	647,725	616,666
Accrued Interest	49,083	52,083
Accrued Liabilities - Other	7,255	60,000
Total Liabilities	4,972,410	5,222,252
LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS		
	29,628,808	29,618,231
NET ASSETS		
Without Donor Restrictions	15,787,773	16,379,818
With Donor Restrictions	-	50,000
Total Net Assets	15,787,773	16,429,818
Total Liabilities and Net Assets	\$ 50,388,991	\$ 51,270,301

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

In April 2017, CrescentCare Holdings, Inc. (Holdings) was formed by CrescentCare as a separate 501(c)(3) entity in order to facilitate the construction of a new 65,000 square foot facility at 1631 Elysian Fields in New Orleans that opened in December 2018 to serve as the headquarters and clinic operations of CrescentCare. CrescentCare is the sole shareholder of Holdings. The new facility had a final cost of approximately \$23 million and Gulf Coast Housing Partnership (GCHP) served as the Developer and Project Manager. Financing for the facility was made possible with a New Markets Tax Credit allocation from Primary Care Development Corporation (PCDC), Hope Enterprise Corporation, and Chase Community Development Banking, a permanent \$10 million loan from PCDC, and contribution from CrescentCare (see Notes 6 and 8). The closing of the facility and related financing occurred on July 14, 2017.

CrescentCare's programs are as follows:

Education and Prevention

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Education & Prevention (Continued)

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

Primary Medical Care

CrescentCare operates two clinics which provide comprehensive medical care to more than 13,934 individuals and over 71,317 visits in 2019. Clinics services range from adult primary medical care, women's health, transgender health, pediatrics, dental, and medical nutrition therapy. CrescentCare accepts most insurance plans and offers a sliding fee scale for those who meet the financial and household requirements.

Dental

CrescentCare offers comprehensive dental services.

Case Management

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

Behavioral Health

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

Food for Friends

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Housing and Housing Support Services

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

The Permanent Supportive Housing – Mental Health Rehabilitation Program

The Mental Health Rehabilitation Program assists persons with significant disabilities to obtain and maintain housing in the community. Individuals are case managed and support is tailored to each one's needs. The program is funded in part through third-party billing to Medicaid and a unit of service grant from the Office of Aging and Adult Services.

Medication

CrescentCare is a covered entity in the U.S. Department of Health and Human Services, Health Resources and Services Administration, Office of Pharmacy Affairs and participates in the 340B Drug Pricing Program (340B Program) whereby medications are purchased by a qualified third party pharmacy company for CrescentCare clients at a discounted price, resulting in revenue for CrescentCare based on these savings. CrescentCare contracts with several local pharmacies for the 340B program. The intent of the 340B program is to permit the covered entity to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Insurance reimbursement revenues of \$26,634,843 and \$23,689,419 and related expenses of \$14,990,017 and \$13,001,317 were recognized in 2019 and 2018, respectively, related to this program and are included in grants and contracts revenue and program expenses, respectively, in the accompanying consolidated statements of activities and changes in net assets.

CrescentCare also assists with insurance (and medical) co-payments for qualified individuals. Staff assists eligible clients in enrolling in pharmaceutical medication assistance programs for access to free or low cost medications.

Legal Services

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying consolidated financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions whose restrictions are met in the same reporting period as the contribution are shown as contributions with donor restrictions. At June 30, 2019 and 2018, CrescentCare had \$-0- and \$50,000, respectively, in net assets with donor restrictions.

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

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

Tax Status

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

Patient Accounts Receivable

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable (Continued)

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

Reimbursements Receivable

Reimbursements receivable are comprised primarily of reimbursements from federal agencies. CrescentCare uses the allowance method to account for uncollectible reimbursements. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on management's estimate of possible uncollectible reimbursements and is \$-0- at June 30, 2019 and 2018.

Net Clinical Service Revenue and Third-Party Settlements

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

Investments and Related Gains and Losses

Investments in marketable securities with readily determinable fair values are reported at their fair value based on available market quotes in the consolidated statements of financial position and as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Related Gains and Losses (Continued)

Dividends, interest and realized and unrealized gains and losses that are restricted by donors are reported as increases in net assets with donor restrictions. Dividends, interest and realized and unrealized gains and losses absent restriction are reported as increases and decreases in net assets without donor restrictions. All components of investment returns are reported as investment gain (loss), net in the accompanying consolidated statements of activities and changes in net assets.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. CrescentCare capitalizes all expenditures for equipment in excess of \$5,000; the fair value of donated assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the term of the related lease. Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using appraisals. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recorded by management during the years ended June 30, 2019 and 2018.

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

Donated Property and Equipment

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Housing Partnership

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

The development was completed and began operations in August 2014. At the end of the compliance period for the LIHTC (15 years), CrescentCare has a right of first refusal and purchase option to purchase the development at the higher of fair market value or an amount which approximates pay off of existing debt at the date of purchase. During 2019, CrescentCare did not make any changes to investment in subsidiary. The balance remains \$400,108 as of June 30, 2019 and 2018.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of CrescentCare have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. In preparing these statements, certain costs such as occupancy, telephone and supplies have been allocated among the various programs and supporting services on the basis of an agency approved cost allocation plan.

Donated Services

Donated services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. During fiscal years 2019 and 2018, a news publication company donated advertising space and services, primarily for fund raising activities. The estimated value of these donated services and the corresponding expenses was \$41,835 for the years ended June 30, 2019 and 2018 and is reflected in the accompanying consolidated financial statements as other support and revenue and support service expenses.

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote CrescentCare's fund-raising events and raise awareness of the disease and its prevention as well as care and treatment services available. During the years ended June 30, 2019 and 2018, advertising costs related to fundraising was \$149,902 and \$74,624, respectively.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

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

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method. The amount is reported as a reduction of long-term debt on the consolidated statements of operation. Amortization of deferred financing costs is included in depreciation and amortization in the consolidated financial statements. Financing fees net of amortization were \$604,551 and \$583,704, respectively, and amortization was \$20,847 and \$20,846, respectively, for the years ended June 30, 2019 and 2018.

Assets Limited as to Use

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

Net Assets

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements – ASU 2016-14

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

Recently Issued Accounting Guidance

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

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

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

Reclassifications

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

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

NOTE 2 NET CLINICAL SERVICE REVENUE

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

Private Insurance Companies

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

Medicare

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

Medicaid

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

Revenue from the Medicare and Medicaid programs accounted for approximately 12% and 62%, respectively, of CrescentCare net clinical revenue for the year ended June 30, 2019, and 35% and 26%, respectively, of CrescentCare net clinical revenue, for the year ended June 30, 2018. Amounts receivable or payable under reimbursement agreements with the Medicare and Medicaid programs are subject to examination and retroactive adjustments. Provisions for estimated retroactive adjustments under such programs are provided for in the period the related services are rendered and adjusted in future periods as final settlements are determined. CrescentCare did not record an estimated amount due from Medicare for at June 30, 2019. Since the laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

	<u>2019</u>	<u>2018</u>
Clinical Service Revenues and Reimbursements	\$ 5,678,820	\$ 5,434,476
Less: Contractual Adjustments	(1,035,483)	(2,051,485)
Less: Bad Debt Expense	(336,755)	(189,169)
Net Clinical Service Revenues and Reimbursements	<u>\$ 4,306,582</u>	<u>\$ 3,193,822</u>

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

NOTE 3 INVESTMENTS

Investments consisted of the following at June 30:

	2019	2018
Mutual Funds and Corporate Obligations	\$ 3,052,601	\$ 2,438,752

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30:

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

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

NOTE 5 LINE OF CREDIT

CrescentCare has a secured line of credit with a financial institution. The secured line of credit has a maximum borrowing of up to \$2.5 million and is secured by CrescentCare's investments portfolio. For the years ended June 30, 2019 and 2018, the secured line of credit has a balance of \$-0- and carries interest rate of 4.15% and 3.84%, respectively.

NOTE 6 NEW MARKET TAX CREDIT

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

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

NOTE 7 RELATED-PARTY TRANSACTION

Transactions between CrescentCare and Holdings are considered related-party transactions. Holdings received donations of \$1,096,023 from CrescentCare during the year ended June 30, 2018. Additionally, CrescentCare loaned approximately \$14.0 million to a financial institution which in turn, loaned \$20.5 million to Holdings. Upon completion of the project, approximately \$492,000 of excess funds were transferred from Holdings to CrescentCare. CrescentCare and Holdings entered into a rental agreement in which CrescentCare rents the new facility from Holdings for \$277,313 per year from January 1, 2019 – December 31, 2024, increasing to \$610,359 for the year ended December 31, 2024, increasing to \$1,076,625 per year from January 1, 2025 – December 31, 2046, and decreasing to \$628,031 for the year ended December 31, 2047. The payments between CrescentCare and Holdings are eliminated on the consolidated statements of activities and changes in net assets.

NOTE 8 LONG-TERM LIABILITIES

Notes Payable

During the year ended June 30, 2018, CrescentCare obtained a loan totaling \$10.0 million from a financial institution to in turn loan to CrescentCare holdings. The loan matures July 12, 2024 and carries a 6.25% interest rate. As explained in Note 6, Holdings participates in the NMTC program and has obtained loans of \$7,760,000, \$9,700,000, and \$3,000,000 payable to certified community development entities (CDE) (the Agreements). Quarterly payments of interest are required for the first seven years. Beginning September 1, 2024, principal and interest payments will be due in quarterly installments through the maturity date. The stated interest rate is 1%, and the loan matures July 13, 2047. These loans are secured by the construction in progress and other assets of Holdings and CrescentCare and are also subject to certain financial and other covenants as specified under the agreements.

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

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

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

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Obligations

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

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

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

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

NOTE 9 COMMITMENTS AND CONTINGENCIES

Operating Leases

CrescentCare leased its administrative headquarters which also serves as an operational facility under a noncancelable operating lease. In March 2014, CrescentCare entered into a 60-month operating lease for a new operational facility. Monthly rent payments begin at \$26,024 and increase annually until the fifth year when they increase to \$28,895. CrescentCare entered into an extension on this lease for an additional three year option. The monthly rent payments increased to \$33,907.

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

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

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

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Rental expense relating to these leases was approximately \$1,006,000 and \$1,161,000 for the years ended June 30, 2019 and 2018, respectively. The lease payments are included in occupancy in the accompanying consolidated statements of functional expenses.

Legal Matters

From time to time, CrescentCare may become involved in various legal matters. Management of CrescentCare believes that there are no legal matters as of June 30, 2019 whose resolution could have a material effect on the consolidated financial statements.

Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. CrescentCare intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. CrescentCare, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants and support represented approximately 91% and 92% of CrescentCare's total support and revenue for fiscal 2019 and 2018, respectively, including approximately \$26.6 million and \$23.7 million, respectively, of revenues for years ended June 30, 2019 and 2018, from the 340B Program.

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

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

NOTE 10 RETIREMENT SAVINGS PLAN

As of January 1, 2017 CrescentCare has offered a defined contribution 401(k) plan (the plan) to its employees. Beginning January 1, 2017, eligibility into the plan was allowed after the 90 day waiting period with quarterly entry; beginning January 1, 2018, the waiting period was one full calendar month of employment. Effective January 1, 2019, the Plan was amended and the waiting period was changed from one month to six months, with entry dates of January 1 and July 1 of each year. CrescentCare may elect to make a qualified matching contribution or profit sharing contribution to the Plan. The Company matching contribution was 2% of a participant's eligible compensation deferred for the year ended December 31, 2018. The Company also made a safe harbor non-elective contribution of 3% of eligible compensation to participants for 2018. Contributions to the Plan were \$697,703 and \$672,990 for the years ended June 30, 2019 and 2018, respectively.

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

NOTE 11 FAIR VALUE MEASUREMENTS

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

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

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

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

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

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and 2018 by fair value measurements valuation hierarchy:

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

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

NOTE 12 LIQUIDITY AND AVAILABILITY

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

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

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

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

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

NOTE 13 SUBSEQUENT EVENTS

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

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

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

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

	NO/AIDS Task Force dba: <u>CrescentCare (1)</u>	CrescentCare Holdings, Inc. <u>7/1/17 - 12/31/17</u>	CrescentCare Holdings, Inc. <u>1/1/18 - 6/30/18 (3)</u>	<u>Eliminations (4)</u>	Total Columns (1) + (3) + (4)
ASSETS					
CURRENT ASSETS					
Cash	\$ 836,180	\$ -	\$ -	\$ -	\$ 836,180
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	7,916,754	-	-	-	7,916,754
Prepaid Expenses	376,377	-	-	-	376,377
Deposits	63,824	-	-	-	63,824
Total Current Assets	<u>9,193,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,193,135</u>
ASSETS LIMITED AS TO USE					
Held by Trustee for Reserve Fund	-	226,980	193,748	-	193,748
Held by Trustee for Project Fund	-	16,309,632	8,096,819	-	8,096,819
Total Assets Limited as to Use	<u>-</u>	<u>16,536,612</u>	<u>8,290,567</u>	<u>-</u>	<u>8,290,567</u>
INVESTMENTS AND OTHER ASSETS					
Investments	2,438,752	-	-	-	2,438,752
Receivable for 1631 Elysian Fields Project	14,027,240	-	-	-	14,027,240
Investment in Housing Partnership	400,108	-	-	-	400,108
Total Investments	<u>16,866,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,866,100</u>
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET OF DEPRECIATION AND AMORTIZATION					
	<u>2,684,101</u>	<u>5,255,193</u>	<u>14,236,398</u>	<u>-</u>	<u>16,920,499</u>
Total Assets	<u>\$ 28,743,336</u>	<u>\$ 21,791,805</u>	<u>\$ 22,526,965</u>	<u>\$ -</u>	<u>\$ 51,270,301</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current Portion of Long-Term Debt	\$ 237,218	\$ -	\$ -	\$ -	\$ 237,218
Accounts Payable	2,018,898	-	-	-	2,018,898
Construction Payable	-	1,147,787	1,866,450	-	1,866,450
Accrued Payroll	370,937	-	-	-	370,937
Accrued Compensated Absences	616,666	-	-	-	616,666
Accrued Interest	52,083	-	-	-	52,083
Accrued Liabilities - Other	60,000	-	-	-	60,000
Total Current Liabilities	<u>3,355,802</u>	<u>1,147,787</u>	<u>1,866,450</u>	<u>-</u>	<u>5,222,252</u>
LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS					
	<u>9,762,782</u>	<u>19,845,026</u>	<u>19,855,449</u>	<u>-</u>	<u>29,618,231</u>
NET ASSETS					
Without Donor Restrictions	15,574,752	798,992	805,066	-	16,379,818
With Donor Restrictions	50,000	-	-	-	50,000
Total Net Assets	<u>15,624,752</u>	<u>798,992</u>	<u>805,066</u>	<u>-</u>	<u>16,429,818</u>
Total Liabilities and Net Assets	<u>\$ 28,743,336</u>	<u>\$ 21,791,805</u>	<u>\$ 22,526,965</u>	<u>\$ -</u>	<u>\$ 51,270,301</u>

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

	NO/AIDS Task Force dba: CrescentCare	CrescentCare Holdings, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT				
NET CLINICAL SERVICE FEES AND REIMBURSEMENTS				
Clinical Service Revenues and Reimbursements Net of Contractual Adjustments of \$1,035,483	\$ 4,643,337	\$ -	\$ -	\$ 4,643,337
Less: Bad Debt Expense	(336,755)	-	-	(336,755)
Net Clinical Service Fees and Reimbursements	<u>4,306,582</u>	-	-	<u>4,306,582</u>
PUBLIC SUPPORT AND REVENUE:				
Grants and Contracts	42,744,063	-	-	42,744,063
Pledges and Contributions	1,372,527	-	-	1,372,527
Fundraising Events, Net	92,267	-	-	92,267
Investment Gain, Net	333,819	15,309	-	349,128
Other Support and Revenue	155,128	208,985	(208,985)	155,128
Total Public Support and Revenue	<u>44,697,804</u>	<u>224,294</u>	<u>(208,985)</u>	<u>44,713,113</u>
Total Revenues and Other Support	49,004,386	224,294	(208,985)	49,019,695
EXPENSES				
Program Services	45,061,766	-	(171,387)	44,890,379
Supporting Services	3,951,759	857,200	(37,598)	4,771,361
Total Expenses	<u>49,013,525</u>	<u>857,200</u>	<u>(208,985)</u>	<u>49,661,740</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(9,139)	(632,906)	-	(642,045)
EQUITY TRANSFER	<u>491,587</u>	<u>(491,587)</u>	-	-
CHANGE IN NET ASSETS	482,448	(1,124,493)	-	(642,045)
Net Assets - Beginning of Year	<u>15,624,752</u>	<u>805,066</u>	-	<u>16,429,818</u>
NET ASSETS - END OF YEAR	<u>\$ 16,107,200</u>	<u>\$ (319,427)</u>	<u>\$ -</u>	<u>\$ 15,787,773</u>

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

	NO/AIDS Task Force dba: CrescentCare	CrescentCare Holdings, Inc. 7/1/17 - 12/31/17	CrescentCare Holdings, Inc. 1/1/18 - 6/30/18	Eliminations	Total
REVENUES AND OTHER SUPPORT					
NET CLINICAL SERVICE FEES AND REIMBURSEMENTS					
Clinical Service Revenues and Reimbursements Net of Contractual Adjustments of \$2,053,221	\$ 3,382,991	\$ -	\$ -	\$ -	\$ 3,382,991
Less: Bad Debt Expense	(189,169)	-	-	-	(189,169)
Net Clinical Service Fees and Reimbursements	3,193,822	-	-	-	3,193,822
PUBLIC SUPPORT AND REVENUE:					
Grants and Contracts	38,350,778	-	-	-	38,350,778
Pledges and Contributions	468,676	-	-	-	468,676
Fundraising Events, Net	146,047	-	-	-	146,047
Investment Gain, Net	264,973	12,492	16,497	-	293,962
Other Support and Revenue	277,672	-	-	-	277,672
Total Public Support and Revenue	39,508,146	12,492	16,497	-	39,537,135
Total Revenues and Other Support	42,701,968	12,492	16,497	-	42,730,957
EXPENSES					
Program Services	39,662,700	-	-	-	39,662,700
Supporting Services	4,513,699	310,423	10,423	-	4,834,545
Total Expenses	44,176,399	310,423	10,423	-	44,497,245
CHANGE IN UNRESTRICTED NET ASSETS	(1,474,431)	(297,931)	6,074	-	(1,766,288)
INTERCOMPANY TRANSFERS	(1,096,923)	1,096,923	-	-	-
RESTRICTED CONTRIBUTION	50,000	-	-	-	50,000
CHANGE IN NET ASSETS	(2,521,354)	798,992	6,074	-	(1,716,288)
Net Assets - Beginning of Year	18,146,106	-	798,992	-	18,146,106
NET ASSETS - END OF YEAR	<u>\$ 15,624,752</u>	<u>\$ 798,992</u>	<u>\$ 805,066</u>	<u>\$ -</u>	<u>\$ 16,429,818</u>

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

PURPOSE

Salary	\$ 209,141
Benefits - Insurance	14,564
Benefits - Retirement	<u>10,457</u>
Total	<u><u>\$ 234,162</u></u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of NO/AIDS Task Force dba: CrescentCare (CrescentCare) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 16, 2020.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether CrescentCare’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-002.

CrescentCare’s Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 16, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited NO/AIDS Task Force dba: CrescentCare's (CrescentCare) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CrescentCare's major federal programs for the year ended June 30, 2019. CrescentCare's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CrescentCare's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CrescentCare's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CrescentCare's compliance.

Opinion on Each Major Federal Program

In our opinion, CrescentCare complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-003, 2019-004, and 2019-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-006 to be a significant deficiency.

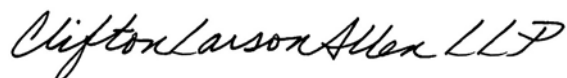
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material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

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

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

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

We have audited the consolidated financial statements of CrescentCare as of and for the year ended June 30, 2019, and have issued our report thereon dated March 16, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 16, 2020

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

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants	14.218	Louisiana Department of Health and Hospitals	2000153419	177,935
Housing Opportunities for Persons with AIDS	14.241	Unity of Greater New Orleans, Inc.	LA-H160014	275,818
Housing Opportunities for Persons with AIDS	14.241	Unity of Greater New Orleans, Inc.	LA-H15-001	284,825
Housing Opportunities for Persons with AIDS	14.241	Louisiana Department of Health and Hospitals	2000374889	133,832
Housing Opportunities for Persons with AIDS	14.241	City of New Orleans Division of Housing and Neighborhood Development	HOPWA-026E	1,286,039
Total Housing Opportunities for Persons with AIDS				<u>1,980,514</u>
Continuum of Care Program	14.267	Unity of Greater New Orleans, Inc.	LA0223L6H031704	430,987
Continuum of Care Program	14.267	Unity of Greater New Orleans, Inc.	LA0250L6H031702	1,075,760
Total Continuum of Care Program				<u>1,506,747</u>
Total Department of Housing and Urban Development				<u>3,665,196</u>
Department of Health and Human Services				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	N/A	N/A	1,338,493
Consolidated Health Centers	93.224	N/A	N/A	1,820,037
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Unity of Greater New Orleans, Inc.	IH79SM053337-01	73,420
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	N/A	476,197
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>549,617</u>
Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment	93.266	University of Washington	PSA-11-2019	6,351
Cancer Treatment Research	93.395	UCLA	1568 G VA058	118,574
HIV Emergency Relief Project Grants	93.914	National Association of County and City Health Officials	2018-091303	197,210
HIV Emergency Relief Project Grants	93.914	City of Baton Rouge	800001051	168,257
HIV Emergency Relief Project Grants	93.914	Boston University	4500002792	89,428
HIV Emergency Relief Project Grants	93.914	City of New Orleans	HL9149208	3,314,643
HIV Emergency Relief Project Grants	93.914	AIDS United	U69HA310670100	162,848
Total HIV Emergency Relief Project Grants				<u>3,932,386</u>
HIV Care Formula Grants	93.917	Louisiana Department of Health and Hospitals	2000374889	478,865
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	University Medical Center	EIS	12,541
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	N/A	686,577
				<u>699,118</u>
Special Projects of National Significance	93.928	N/A	N/A	170,883
HIV Prevention Activities Non Governmental Organization	93.939	N/A	N/A	698,306

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

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Federal Expenditures
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000168174	175,607
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000255091	379,445
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000168177	221,345
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000128558	204,480
				<u>980,877</u>
HIV Demonstration, Research, Public and Professional Education Projects	93.941	RTI International	3-312-0214934-52563L	116,912
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	Louisiana Department of Health and Hospitals	2000321406	388,146
Total Department of Health and Human Services				<u>11,298,565</u>
Total Expenditures of Federal Awards				<u>\$ 14,963,761</u>

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

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of CrescentCare under programs of the federal government for the year ended June 30, 2019 for which CrescentCare is considered a subrecipient of federal awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CrescentCare, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CrescentCare. CrescentCare reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2019. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies, as applicable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to CrescentCare's consolidated financial statements for the year ended June 30, 2019. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented, or used in the preparation of, the basic consolidated financial statements.

NOTE 3 RELATIONSHIP TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

NOTE 4 DE MINIMIS COST RATE

During the year ended June 30, 2019, CrescentCare did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance related to federal grants due to differing funder requirements.

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

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.241	Housing Opportunities for Persons with AIDS
14.267	Continuum of Care Program
93.153	Coordinated Services and Access to Research for Women, Infants, Children and Youth
93.914	HIV Emergency Relief Project Grants

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

\$ 750,000

Auditee qualified as low-risk auditee? yes x no

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

Section II – Consolidated Financial Statement Findings

2019 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

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

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

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

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

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

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

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

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

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

2019 – 002

Type of Finding:

- Compliance – Other Matters

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

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

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

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

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

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

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

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

Section III – Findings and Questioned Costs – Major Federal Programs

2019 – 003

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

Federal program title: Housing Opportunities for Persons with AIDS

CFDA Number: 14.241

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

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

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

Condition: During our testing, we noted CrescentCare charged compensation for personal services to the grant based on budgeted amounts. Budgeted amounts charged to the grant were not updated for actual time spent and time and effort reports were not completed.

Questioned costs: \$9,875

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

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

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

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

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

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

2019 – 004

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

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

CFDA Number: 93.153

Type of Finding:

- Material Weakness in Internal Control over Compliance

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

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

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

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

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

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

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

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

2019 – 005

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

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

CFDA Numbers: 14.241 and 14.267

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

Type of Finding:

- Material Weakness in Internal Control over Compliance

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

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

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

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

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

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

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

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

2019 – 006

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

Federal program titles: HIV Emergency Relief Project Grants

CFDA Numbers: 93.914

Pass-Through Agencies: City of New Orleans

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

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

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

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

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

Effect: Program income could be over or under reported.

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

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



NO/AIDS Task Force dba: CrescentCare respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2019.

Audit period for prior audit findings: July 1, 2017 – June 30, 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS AND QUESTIONED COSTS — MAJOR FEDERAL PROGRAMS

2018 – 001 HIV Emergency Relief Project Grants – CFDA No. 93.914

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

Status: Corrected. CrescentCare has expanded the time and effort reporting process, procedures, and review. CrescentCare has implemented a new standard operating procedure around time and effort reporting.

2018 – 002 Continuum of Care Program – CFDA No. 14.267

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

Status: Corrected. All finance staff have received written communication and training on proper billing to ensure only costs within the period of performance are charged to the grant.

If there are questions regarding this schedule, please call Andre Duhe at 504-821-2601, ext. 1021.



March 16, 2020

NO/AIDS Task Force dba CrescentCare respectfully submits the following corrective action plan for the year ended June 30, 2019.

Audit period: July 1, 2018 – June 30, 2019

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2019-001

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

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

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: During the fiscal year, CrescentCare's finance department underwent significant staff changes. This included the departure of our CFO, controller, and billing staff. The turnover left the finance department short staffed as CrescentCare prepared for and responded to the audit requests. Staff responding to requests were often new or unfamiliar with the process which then necessitated more time to gather documentation. In addition, CrescentCare moved to a new location combining four locations during the fiscal year and implemented new information systems. The Agency also experienced key staff losses in our data management department, including the departure of the CIO at the same time as we were implementing a new reporting system. The combination of these transitions resulted in an inconsistent application of internal processes, procedures and controls to ensure that accounts were properly and timely reconciled. Management has implemented and continues to optimize processes and systems to ensure that all accounts are timely reconciled and that prepared financials are timely and accurate. All accounts from July 2019 through the present have been reconciled timely. The finance department is now fully staffed and is being cross trained in preparation for any future staffing fluctuations. Additionally, CrescentCare has added a year-end checklist to our financial reporting process to ensure finance staff are knowledgeable about the adjustments required for financial reporting purposes.

Management will develop a comprehensive checklist and implement procedures to ensure all account reconciliations are performed and reviewed on a timely basis.

Name of the contact person responsible for corrective action: Andre Duhe

Planned completion date for corrective action plan: March 31, 2020

2019-002

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

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

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: Management will implement procedures to ensure all account reconciliations are performed and closings occur on a timely basis. We foresee no concerns with submitting our audit timely going forward.

Name of the contact person responsible for corrective action: Andre Duhe

Planned completion date for corrective action plan: March 31, 2020

FINDINGS—FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2019-003 **Housing Opportunities for Persons with AIDS – CFDA No. 14.241**

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

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

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

Name of the contact person responsible for corrective action: Andre Duhe

Planned completion date for corrective action plan: May 31, 2020

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

2019-004 Coordinated Services and Access to Research for Women, Infants, Children, and Youth – CFDA No. 93.153

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

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

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

Name of the contact person responsible for corrective action: Andre Duhe

Planned completion date for corrective action plan: March 31, 2020

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2019-005 Housing Opportunities for Persons with AIDS and Continuum of Care – CFDA Nos. 14.241 and 14.267

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

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

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

Name of the contact person responsible for corrective action: Andre Duhe

Planned completion date for corrective action plan: March 31, 2020

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

2019-006 HIV Emergency Relief Project Grants – CFDA No. 93.914

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

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

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

Name of the contact person responsible for corrective action: Andre Duhe

Planned completion date for corrective action plan: March 31, 2020

If there are questions regarding this plan, please call Andre Duhe at (504) 821-2601.

Sincerely,



Noel Twilbeck

CEO