

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

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2024  
(With Summarized Financial  
Information for 2023)**

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
DECEMBER 31, 2024  
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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of Capitol City Family Health Center, Inc. D/B/A Care South (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capitol City Family Health Center, Inc. D/B/A Care South, as of December 31, 2024, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capitol City Family Health Center, Inc. D/B/A Care South, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capitol City Family Health Center, Inc. D/B/A Care South's, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Capitol City Family Health Center, Inc. D/B/A Care South's, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capitol City Family Health Center, Inc. D/B/A Care South's, ability to continue as a going concern for a reasonable period of time.

## ***Report on Summarized Comparative Information***

We have previously audited Capitol City Family Health Center, Inc. D/B/A Care South's, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other-Matters***

### ***Other Information***

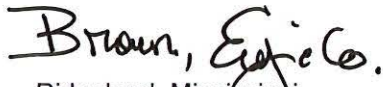
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 21 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2025, on our consideration of Capitol City Family Health Center, Inc. D/B/A Care South's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Capitol City Family Health Center, Inc. D/B/A Care South's, internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capitol City Family Health Center, Inc. D/B/A Care South's, internal control over financial reporting and compliance.

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

  
Ridgeland, Mississippi  
June 20, 2025



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Statement of Financial Position  
December 31, 2024  
(With Summarized Financial Information for 2023)

| <u>ASSETS</u>  | <u>2024</u>          | <u>2023</u>          |
|--|----------------------|----------------------|
| Current Assets:  |                      |                      |
| Cash and cash equivalents  | \$ 1,618,253         | \$ 4,206,054         |
| Investments  | 11,516,444           | 1,698,140            |
| Patient care receivables, less allowance of<br>\$(1,395,175) for credit losses | 1,599,131            | 1,502,568            |
| Grants and contracts receivable (Note 14)                                      | 516,852              | 260,687              |
| Goodwill (Note 15)   | 210,000              | 210,000              |
| Accounts receivable, other (Note 27)   | 2,266,623            | 2,178,581            |
| Total Current Assets   | <u>17,727,303</u>    | <u>10,056,030</u>    |
| Fixed Assets:  |                      |                      |
| Land   | 525,793              | 870,348              |
| Buildings and Improvements   | 19,666,467           | 17,164,906           |
| Construction In Progress   | 9,101                | 1,848,069            |
| Furniture and equipment  | 4,066,472            | 3,996,068            |
| Less: Accumulated depreciation   | <u>(6,426,853)</u>   | <u>(5,614,722)</u>   |
| Net Fixed Assets   | <u>17,840,980</u>    | <u>18,264,669</u>    |
| OTHER ASSETS   |                      |                      |
| Deposits   | 36,622               | 27,146               |
| Right of use asset - operating lease   | <u>1,135,508</u>     | <u>99,309</u>        |
| Total Other Assets   | <u>1,172,130</u>     | <u>126,455</u>       |
| TOTAL ASSETS   | <u>\$ 36,740,413</u> | <u>\$ 28,447,154</u> |
| <u>LIABILITIES AND NET ASSETS</u>  |                      |                      |
| Current Liabilities:   |                      |                      |
| Accounts payable   | \$ 3,483,627         | \$ 2,177,262         |
| Salaries payable   | 445,447              | 184,408              |
| Payroll taxes payable and accrued  | 168,634              | 127,092              |
| Accrued annual leave   | 329,733              | 304,896              |
| Contribution payable - current portion   | 315,000              | 265,000              |
| Loan payable   | 1,599,046            | -                    |
| Other liabilities  | 250,180              | 45,726               |
| Line of credit payable   | 1,200,000            | -                    |
| Notes payable (current portion) (Note 17)                                      | 615,509              | 132,848              |
| Operating lease liability, current portion                                     | <u>254,444</u>       | <u>99,309</u>        |
| Total Current Liabilities:   | <u>8,661,620</u>     | <u>3,336,541</u>     |
| Long-Term Liabilities  |                      |                      |
| Notes payable (Note 17)  | 5,617,438            | 1,227,460            |
| Contribution payable   | -                    | 240,000              |
| Operating lease liability  | <u>881,064</u>       | <u>-</u>             |
| Total Long-Term Liabilities  | <u>6,498,502</u>     | <u>1,467,460</u>     |
| Total Liabilities  | <u>15,160,122</u>    | <u>4,804,001</u>     |
| Net Assets:  |                      |                      |
| Without donor restrictions:  |                      |                      |
| Undesignated (operating)   | <u>21,580,291</u>    | <u>23,643,153</u>    |
| Total Net Assets   | <u>21,580,291</u>    | <u>23,643,153</u>    |
| TOTAL LIABILITIES AND NET ASSETS   | <u>\$ 36,740,413</u> | <u>\$ 28,447,154</u> |

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

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Statement of Operations and Changes in Net Assets  
For the Year Ended December 31, 2024  
(With Summarized Financial Information for 2023)

|  | <u>Without Donor Restrictions</u> |                      |
|--|-----------------------------------|----------------------|
|  | <u>2024</u>                       | <u>2023</u>          |
| SUPPORT AND REVENUES   |                                   |                      |
| Support:   |                                   |                      |
| Grants and contracts   | \$ <u>7,272,143</u>               | \$ <u>8,038,767</u>  |
| Total Support  | <u>7,272,143</u>                  | <u>8,038,767</u>     |
| Revenue:   |                                   |                      |
| Health care services, net of charity,<br>bad debts and contractual adjustments<br>of \$7,122,920 | 13,465,965                        | 11,733,307           |
| 340B income (net of expenses of \$4,403,593)   | 11,004,720                        | 11,200,282           |
| Net unrealized gains on investments  | 118,909                           | 195,536              |
| Interest income  | 182,116                           | 241,546              |
| Other income   | <u>880,039</u>                    | <u>4,321,502</u>     |
| Total Revenue  | <u>25,651,749</u>                 | <u>27,692,173</u>    |
| TOTAL SUPPORT AND REVENUES   | <u>32,923,892</u>                 | <u>35,730,940</u>    |
| EXPENSES   |                                   |                      |
| Program Services   |                                   |                      |
| Health care services   | 22,264,808                        | 19,500,381           |
| Community services   | <u>940,423</u>                    | <u>815,859</u>       |
| Total Program Services   | <u>23,205,231</u>                 | <u>20,316,240</u>    |
| Supporting Services  |                                   |                      |
| Management and general   | 11,781,523                        | 12,421,624           |
| Total Supporting Services  | <u>11,781,523</u>                 | <u>12,421,624</u>    |
| TOTAL EXPENSES AND LOSSES  | <u>34,986,754</u>                 | <u>32,737,864</u>    |
| Change in Net Assets   | (2,062,862)                       | 2,993,076            |
| Net Assets, Beginning of Year  | 23,643,153                        | 20,667,779           |
| Prior period adjustment  | -                                 | (17,702)             |
| Net Assets, as restated  | <u>23,643,153</u>                 | <u>20,650,077</u>    |
| NET ASSETS, END OF YEAR  | <u>\$ 21,580,291</u>              | <u>\$ 23,643,153</u> |

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

## EXHIBIT III

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Statement of Functional Expenses  
For the Year Ended December 31, 2024  
(With Summarized Financial Information for 2023)

|                                    | Health Care<br>Services | Community<br>Services | Total<br>Program<br>Services | Management<br>and General | 2024<br>Total<br>Expenses | 2023<br>Total<br>Expenses |
|------------------------------------|-------------------------|-----------------------|------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel                          | \$ 7,314,986            | 651,448               | 7,966,434                    | 5,482,791                 | \$ 13,449,225             | \$ 11,947,748             |
| Fringe benefits                    | 1,707,635               | 176,626               | 1,884,261                    | 1,841,587                 | 3,725,848                 | 3,410,895                 |
| Travel                             | 42,729                  | 149                   | 42,878                       | 81,784                    | 124,662                   | 106,712                   |
| Supplies                           | 602,355                 | 32,310                | 634,665                      | 149,317                   | 783,982                   | 861,974                   |
| Equipment rental                   | 58,949                  | 4,155                 | 63,104                       | 101,532                   | 164,636                   | 205,155                   |
| Contractual                        | 10,286,064              | 1,368                 | 10,287,432                   | 329,266                   | 10,616,698                | 10,504,970                |
| Equipment expense                  | 69,475                  | -                     | 69,475                       | 58,359                    | 127,834                   | 342,212                   |
| Legal and accounting               | -                       | -                     | -                            | 163,646                   | 163,646                   | 173,143                   |
| Dues and subscriptions             | 105,928                 | -                     | 105,928                      | 239,656                   | 345,584                   | 263,593                   |
| Utilities                          | 158,480                 | 5,706                 | 164,186                      | 32,429                    | 196,615                   | 202,853                   |
| Printing                           | 1,271                   | -                     | 1,271                        | 4,234                     | 5,505                     | 33,689                    |
| Repairs and maintenance            | 101,100                 | 6,171                 | 107,271                      | 128,586                   | 235,857                   | 48,023                    |
| Property taxes                     | -                       | -                     | -                            | 142                       | 142                       | 127                       |
| Insurance                          | 48,573                  | 4,289                 | 52,862                       | 127,086                   | 179,948                   | 177,695                   |
| Staff recruitment                  | 1,714                   | 149                   | 1,863                        | 314,676                   | 316,539                   | 517,352                   |
| Advertisement                      | 7,475                   | 2,574                 | 10,049                       | 646,784                   | 656,833                   | 1,022,172                 |
| Security                           | 44,834                  | 11,394                | 56,228                       | 233,352                   | 289,580                   | 308,887                   |
| Continuing education               | 153,625                 | -                     | 153,625                      | 66,764                    | 220,389                   | 205,649                   |
| Communications                     | 211,538                 | 8,896                 | 220,434                      | 175,466                   | 395,900                   | 411,317                   |
| Licenses and fees                  | 74,690                  | -                     | 74,690                       | 41,309                    | 115,999                   | 124,045                   |
| Janitorial                         | (814)                   | -                     | (814)                        | 43,309                    | 42,495                    | 6,439                     |
| Space cost                         | 292,018                 | 12,000                | 304,018                      | 18,841                    | 322,859                   | 240,719                   |
| Interest                           | 9,839                   | 6,803                 | 16,642                       | 243,459                   | 260,101                   | 64,910                    |
| Bank charges                       | 60,765                  | -                     | 60,765                       | 45,334                    | 106,099                   | 109,969                   |
| Contributions                      | -                       | -                     | -                            | 491,015                   | 491,015                   | 349,083                   |
| Moving expenses                    | -                       | -                     | -                            | 535                       | 535                       | -                         |
| Transportation expenses            | 262,861                 | -                     | 262,861                      | -                         | 262,861                   | 134,122                   |
| Board expenses                     | -                       | -                     | -                            | 33,627                    | 33,627                    | 6,420                     |
| Disposal services                  | 43,395                  | 2,561                 | 45,956                       | 10,721                    | 56,677                    | 43,706                    |
| Other                              | 58,254                  | 2,123                 | 60,377                       | 422,554                   | 482,931                   | 267,475                   |
| Total expenses before depreciation | 21,717,739              | 928,722               | 22,646,461                   | 11,528,161                | 34,174,622                | 32,091,054                |
| Depreciation                       | 547,069                 | 11,701                | 558,770                      | 253,362                   | 812,132                   | 646,810                   |
| Total Expenses                     | <u>\$ 22,264,808</u>    | <u>940,423</u>        | <u>23,205,231</u>            | <u>11,781,523</u>         | <u>\$ 34,986,754</u>      | <u>\$ 32,737,864</u>      |

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



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Statement of Cash Flows  
For the Year Ended December 31, 2024  
(With Summarized Financial Information for 2023)

## CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

|  | 2024                | 2023                |
|--|---------------------|---------------------|
| Changes in Net Assets  | \$ (2,062,862)      | \$ 2,993,076        |
| Adjustments to reconcile changes in assets<br>to net cash provided by (used in) operating<br>activities: |                     |                     |
| Depreciation expense   | 812,132             | 646,810             |
| Unrealized gain on investments   | (118,675)           | (207,261)           |
| Prior period adjustment  | -                   | (17,702)            |
| Decrease (increase) in:  |                     |                     |
| Patient care receivables   | (96,562)            | (368,474)           |
| Grants and contracts receivable  | (256,165)           | 138,100             |
| Deposits   | (9,476)             | 103,087             |
| Increase (decrease) in:  |                     |                     |
| Accounts payable   | 1,306,377           | (1,059,338)         |
| Accrued salaries payable   | 261,039             | (215,818)           |
| Payroll taxes payable  | 96                  | 3,363               |
| Contribution payable   | (190,000)           | (240,000)           |
| Retirement payable   | 8,016               | (12,093)            |
| Other liabilities  | 237,870             | 68,452              |
| Accrued annual leave   | 24,837              | 45,112              |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES  | <u>(83,373)</u>     | <u>1,877,314</u>    |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                     |                     |
| Purchase of investments  | (11,124,629)        | -                   |
| Maturity of investments  | 1,425,000           | -                   |
| Acquisition of fixed assets  | <u>(388,442)</u>    | <u>(3,123,364)</u>  |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES  | <u>(10,088,071)</u> | <u>(3,123,364)</u>  |
| CASH FLOWS FROM FINANCING ACTIVITIES   |                     |                     |
| Proceeds from notes payable  | 7,671,685           | (181,303)           |
| Payments on collateral split interest obligation   | (88,042)            | (2,173,581)         |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES  | <u>7,583,643</u>    | <u>(2,354,884)</u>  |
| NET increase (DECREASE) IN CASH  | (2,587,801)         | (3,600,934)         |
| Cash and cash equivalents, BEGINNING OF YEAR   | <u>4,206,054</u>    | <u>7,806,988</u>    |
| Cash and cash equivalents END OF YEAR  | <u>\$ 1,618,253</u> | <u>\$ 4,206,054</u> |
| <u>Supplemental Disclosure of Cash Flow Information:</u>   |                     |                     |
| Cash paid during the year for:   |                     |                     |
| Interest   | <u>\$ 260,101</u>   | <u>\$ 64,910</u>    |

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

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 1 - ABOUT THE ORGANIZATION

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$5,000 are capitalized. Property, furniture, equipment, and buildings are depreciated over their useful lives ranging from 5 to 40 years.
- The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.
- I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Operations as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Employees' Annual Leave - Care South, Inc. charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned.
- K. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- L. Net Patient Service Revenues and Provision for Bad Debt - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors, and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by Organization. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 3 - FINANCIAL INSTRUMENTS

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

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

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

|                            |                    |              |
|----------------------------|--------------------|--------------|
| Financial assets:          | Carrying<br>Amount | Fair Value   |
| Cash and cash equivalents  | \$ 1,618,253       | \$ 1,618,253 |
| Financial liabilities:     | Carrying<br>Amount | Fair Value   |
| Notes payable - Long Term  | \$ 6,232,947       | \$ 6,232,947 |
| Loans payable - Short Term | 1,599,046          | 1,599,046    |
| Line of credit payable     | 1,200,000          | 1,200,000    |

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

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

The Organization maintains its cash balances in four (4) financial institutions located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2024, the Organization had an uninsured cash balance of \$503,343.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

The following is a summary of investments at December 31, 2024:

| <u>Description</u>                      | <u>Type</u> |                             |
|---|-------------|-----------------------------|
| Brokerage investments                   | Level 1     | \$ 191,815                  |
| Investment in Mid City Medical Corridor | Level 2     | 200,000                     |
| Investment in Lotus Village             | Level 3     | 11,124,629                  |
| <b>TOTAL</b>                            |             | <u><u>\$ 11,516,444</u></u> |

**NOTE 6 - LIQUIDITY AND AVAILABILITY**

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

The following table reflects the Organization's financial assets as of December 31, 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at December 31, 2024.



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 6 - LIQUIDITY AND AVAILABILITY (Continued)

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

|  | 2024                |
|--|---------------------|
| Cash and cash equivalents  | \$ 1,618,253        |
| Patient receivables, net   | 1,599,131           |
| Investments  | 11,516,444          |
| Grants Receivable  | 516,852             |
| Other Receivable   | <u>2,266,623</u>    |
| Total financial assets   | <u>17,517,303</u>   |
| Investments with liquidity horizons greater than one year                              | (11,516,444)        |
| Other receivable   | <u>(2,266,623)</u>  |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,734,236</u> |

NOTE 7 - RELATED PARTY TRANSACTION - INVESTMENT IN LOTUS VILLAGE

Lotus Village is a three story, 35,000 square feet medical facility constructed in collaboration with the East Baton Rouge Parish Council on Aging. This facility will cater to the elderly population and offer health and behavioral health services starting February 2026. The organization's investment in Lotus Village consisted of the transfer of assets valued at \$11,124,629 for the construction of the Lotus Village project. This facility will be owned and operated by Care South Cares Foundation, a related entity. Upon completion, Care South, Inc. will lease space at Lotus Village. All healthcare related and behavioral services at the facility will be provided exclusively by Care South, Inc.

NOTE 8 - PATIENT CARE RECEIVABLES AND RELATED ALLOWANCE FOR CREDIT LOSSES

Patient accounts receivable, prior to adjustment for the allowance for credit losses, is summarized as follows at December 31, 2024:

| Accounts receivable: | Amount              |
|----------------------|---------------------|
| Patients             | \$ 568,918          |
| Government           | 1,377,381           |
| Other                | <u>1,048,007</u>    |
|                      | <u>\$ 2,994,306</u> |

Allowance for credit losses is summarized as follows at December 31, 2024

| Allowance : | Amount              |
|-------------|---------------------|
| Patients    | \$ 206,928          |
| All Other   | <u>1,188,247</u>    |
|             | <u>\$ 1,395,175</u> |



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 9 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at December 31, 2024:

| <u>Patient Service Revenue</u>   | <u>Amount</u>        |
|--|----------------------|
| Patient Service Revenue  | \$ 20,588,885        |
| Less: Contractual adjustment under third-party reimbursement program and discounts | <u>(7,122,920)</u>   |
| Net Patient Service Revenue  | <u>\$ 13,465,965</u> |

NOTE 10 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation at December 31, 2024:

| <u>Assets</u>                  |                      |
|--------------------------------|----------------------|
| Land                           | \$ 525,793           |
| Building and Improvements      | 19,666,467           |
| Construction In Progress       | 9,101                |
| Furniture and Equipment        | <u>4,066,472</u>     |
| Total Property and Equipment   | 24,267,833           |
| Less: Accumulated Depreciation | <u>(6,426,853)</u>   |
| Net Property and Equipment     | <u>\$ 17,840,980</u> |

Depreciation expense was \$808,087 for the year ended December 31, 2024.

NOTE 11 - CORPORATE INCOME TAXES

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

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2021, 2022, and 2023 are subject to examination by the federal, state, and local taxing authorities, generally for three years after they are filed.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 12 - RETIREMENT PLAN

The Organization has a 401k plan for all eligible employees. To be eligible, an employee must be employed with the Corporation for at least one year and must be at least eighteen years of age. For the year ended December 31, 2024, the plan was properly funded. Retirement expense recognized was \$280,749 for the year ended December 31, 2024.

NOTE 13 - ANNUAL LEAVE

The cost of employee's unused annual leave at December 31, 2024, in the amount of \$329,733 is included in the financial statements. See Note 2.J. above.

NOTE 14 - SUMMARY OF FUNDING AND SUPPORT

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

| Source   | Grant Number | Period              | Amount              |
|--|--------------|---------------------|---------------------|
| U.S. Dept. of HHS (Health Center Cluster)                          | H80CS00504   | 1/1/2024-12/31/2024 | \$ 4,008,090        |
| U.S. Dept. of HHS (School Based Services Sites)                    | H2ECS50127   | 1/1/2024-12/31/2024 | 345,566             |
| U.S. Dept. of HHS (Bridge Access Grant)                            | H8LCS51015   | 1/1/2024-12/31/2024 | 38,437              |
| U.S. Dept. of HHS (Ryan White Title III Early Intervention)        | H76HA00817   | 1/1/2024-12/31/2024 | 293,968             |
| U.S. Dept. of HHS (Ryan White Title III Early Intervention)        |              | 1/1/2024-12/31/2024 | 434,877             |
| Other Grants   | N/A          | 1/1/2024-12/31/2024 | 87,648              |
| State of Louisiana Dept of Public Health - HIV Health Models Grant | N/A          | 1/1/2024-12/31/2024 | 230,282             |
| City of Baton Rouge (Minority Aids Initiative)                     | N/A          | 1/1/2024-12/31/2024 | 81,778              |
| Ryan White Part A HIV Emergency Relief Grant                       | N/A          | 1/1/2024-12/31/2024 | 815,171             |
| Louisiana State Department of Health (WIC Grant)                   | 654775       | 1/1/2024-12/31/2024 | 936,326             |
| TOTALS   |              |                     | <u>\$ 7,272,143</u> |

NOTE 15 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at December 31, 2024 are due from the following:

|   |                   |
|---|-------------------|
| State of Louisiana Department of Health (WIC Program)             | \$ 260,380        |
| City of Baton Rouge (Ryan White Part A)                           | 128,751           |
| State of Louisiana Dept of Public Health (HIV Health Model Grant) | 34,569            |
| City of Baton Rouge (End of HIV Epidemic Grant)                   | 85,501            |
| City of Baton Rouge (Minority Aids Initiative )                   | 7,651             |
| Totals  | <u>\$ 516,852</u> |

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 16 - GOODWILL

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

NOTE 17 - NOTES PAYABLE

SHORT-TERM

Notes payable: short-term consist of the following at December 31, 2024:

|   |                     |
|---|---------------------|
| Note payable to Guaranty Bank; interest stated at 7.70%;<br>due in one ballon payment which includes principal and<br>interest; matures March 14, 2025; secured by real estate. | \$ 822,563          |
| Note payable to Huey & Wilson Foundation; interest state at 5.5%;<br>Interest payments only due in quarterly installments of \$10,000; matures<br>June 12, 2025.                | <u>776,483</u>      |
| TOTALS  | <u>\$ 1,599,046</u> |

LONG-TERM

Notes payable: long-term consist of the following at December 31, 2024:

|   |                     |
|---|---------------------|
| Note payable to Investar Bank National Association; interest stated at 5.34233%;<br>due in monthly installments of \$65,630 which includes principal and interest;<br>with lump-sum payment of \$334,1888;matures July 2, 2031; secured by real estate. | \$ 4,301,400        |
| Note payable to Currency Bank; interest stated at 3.5%;<br>due in monthly installments of \$12,190 which includes principal and<br>interest; matures October 30, 2029 with ballon payment of \$611,789<br>;secured by real estate.                      | 988,696             |
| Note payable to Capital One Bank; interest stated at 5.25%;<br>due in monthly installments of \$5,097 which includes principal and<br>interest; matures November 14, 2028; secured by real estate.  | 427,072             |
| Note payable to Southeast Louisiana AHEC; interest stated at 4.25%;<br>due in monthly installments of \$2,107 which includes principal and<br>interest; matures August 1, 2027; secured by real estate.   | 156,952             |
| Note payable to Southeast Louisiana AHEC; interest stated at 4.75%;<br>due in monthly installments of \$2,792 which includes principal and<br>interest; matures October 1, 2027; secured by real estate.  | 231,694             |
| Note payable to Southeast Louisiana AHEC; interest stated at 4.75%;<br>due in monthly installments of \$1,511 which includes principal and<br>interest; matures July 15, 2029; secured by real estate.  | 127,133             |
| TOTALS  | 6,232,947           |
| Less: current portion   | <u>(615,509)</u>    |
| Total Long-Term Debt  | <u>\$ 5,617,438</u> |



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 17 - NOTES PAYABLE (Continued)

Maturities of long-term debt are as follows:

|            | Principal          | Interest           | TOTAL               |
|------------|--------------------|--------------------|---------------------|
| 2025       | \$ 615,509         | \$ 440,566         | \$ 1,056,075        |
| 2026       | 665,876            | 394,086            | 1,059,962           |
| 2027       | 1,003,468          | 339,130            | 1,342,598           |
| 2028       | 1,035,636          | 268,133            | 1,303,769           |
| 2029       | 1,419,073          | 176,094            | 1,595,167           |
| Thereafter | 1,493,385          | 110,294            | 1,603,679           |
| Totals     | <u>\$6,232,947</u> | <u>\$1,728,303</u> | <u>\$ 7,961,250</u> |

NOTE 18 - LINE OF CREDIT

Capitol City Family Health Center, Inc. D/B/A Care South, has in place a line of credit agreement with Currency Bank for \$1,200,000. The line of credit has a rate of 9.50%. As of December 31, 2024, there is a \$1,200,000 balance outstanding on the line of credit.

NOTE 19 - LITIGATION

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

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

NOTE 20 - ADVERTISING

Capitol City Family Health Center, Inc. D/B/A Care South, uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the year ending December 31, 2024, advertising cost totaled \$654,823.

NOTE 21 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 19% of the Organization's funding is provided by direct and indirect grants from the U. S. Department of Health and Human Services.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 22 - GRANT BALANCES AND GRANT CONDITIONS

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

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

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

NOTE 23 - CONSTRUCTION IN PROGRESS

As of December 31, 2024, the organization had construction projects in various stages of completion and had the following activity:

| Description of Project | Balance<br>12/31/2023 | Additions        | Reclassifications  | Balance<br>12/31/2024 | Estimated<br>Cost to<br>Complete |
|------------------------|-----------------------|------------------|--------------------|-----------------------|----------------------------------|
| Building Improvements  | <u>1,848,067</u>      | <u>2,210,398</u> | <u>(4,049,365)</u> | <u>9,100</u>          | \$ -                             |
| TOTALS                 | <u>1,848,067</u>      | <u>2,210,398</u> | <u>(4,049,365)</u> | <u>9,100</u>          | \$ -                             |

NOTE 24 - COMPARATIVE FINANCIAL STATEMENT INFORMATION

The financial statements include certain prior-year summarized information in total but not by net asset class. Prior-year information is not provided for the notes to the financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

NOTE 25 - COMMITMENTS

During 2020, the Organization entered into a 5 year contribution agreement with Southern University in Baton Rouge. The funds will be used by Southern University to fund the Care South/SU Employee Wellness Clinic, the SU College of Nursing and Allied Health Scholarship Fund, SU Athletics, the SU Human Jukebox and the Valdry Center for Philanthropy. The total commitment was \$1,413,000. \$115,000 was paid for the year ended December 31, 2024, with the remainder of \$315,000 payable over the next 3 years as follows:

|        |                   |
|--------|-------------------|
| 2025   | <u>315,000</u>    |
| TOTALS | \$ <u>315,000</u> |



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 26 - LEASES

The clinic leases facilities under a long-term non-cancelable operating lease arrangement. The lease expires in 2034. An operating lease provides for increases in future minimum annual rental payments. Operating leases with a term of 12 months or less are not recorded on the statement of financial position.

Total right-of-use assets and lease liabilities at December 31, 2024, are as follows:

Lease Assets - Classification in Statement of Financial Position

|                                  |                     |
|----------------------------------|---------------------|
| Operating lease right-of-use     | \$ 1,135,508        |
| Total leased right-of-use assets | <u>\$ 1,135,508</u> |

Lease Liabilities - Classification in Statement of Financial Position

|  |                     |
|--|---------------------|
| Operating lease liability; current portion | \$ 254,444          |
| Operating lease liability; long-term       | <u>881,064</u>      |
| Total leased liabilities                   | <u>\$ 1,135,508</u> |

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

| Years Ending December 31,  | Operating Amount    |
|----------------------------|---------------------|
| 2025                       | \$ 274,808          |
| 2026                       | 274,808             |
| 2027                       | 221,108             |
| 2028                       | 113,708             |
| 2029                       | 113,708             |
| Thereafter                 | <u>568,540</u>      |
| Total lease payments       | 1,566,680           |
| Less imputed 8% interest   | <u>(431,172)</u>    |
| Present value of liability | <u>\$ 1,135,508</u> |

NOTE 27 - COLLATERAL SPLIT DOLLAR LIFE INSURANCE AGREEMENTS

During 2023, the organization entered into an agreement and granted a loan to fund life insurance premium payments for the chief executive officer. The loan was recorded based on the collateral assignment method whereby the chief executive officer owns the life insurance policy and assigns the policy collateral back to the organization with an executed promissory note. All of the life insurance policy premiums are paid out of proceeds from the loan. The note receivable and accrued interest of approximately \$2,266,623 is included other assets in the statement of financial position as of December 31, 2024.



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Financial Statements  
December 31, 2024

NOTE 28 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Capitol City Family Health Center, Inc. D/B/A Care South, evaluated the activity of the Center through June 20, 2025.

## SUPPLEMENTARY INFORMATION

SCHEDULE A

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer  
For the Year Ended December 31, 2024

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

No compensation paid from public funds

Agency Head: Matthew Valliere

| <u>Category</u>   | <u>Amount</u> | <u>Total</u> |
|---|---------------|--------------|
| Salary  | \$ -          |              |
| Incentive pay   | -             |              |
| Total salary  |               | \$ -         |
| Benefits:   |               |              |
| Health insurance  | -             |              |
| FICA/Medicare   | -             |              |
| Retirement  | -             |              |
| Total benefits  |               | -            |
| Travel:   |               |              |
| Conference registration                                     | -             |              |
| Airfare and lodging   | -             |              |
| Per diem and incidentals                                    | -             |              |
| Vehicle allowance   | -             |              |
| Total travel  |               | -            |
| Total Compensation, Benefits,<br>Travel, and Other Expenses |               | \$ -         |



CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024

| Federal Grant/<br>Pass-Through Grantor<br>Program Title                                   | Assistance<br>Listing<br>Number | Pass-Through<br>Grant<br>Number | Federal<br>Expenditures |
|---|---------------------------------|---------------------------------|-------------------------|
| <u>U.S. Department of Health<br/>and Human Services</u>                                   |                                 |                                 |                         |
| <u>Health Resource &amp; Service Administration</u>                                       |                                 |                                 |                         |
| <u>Bureau of Primary Health Care</u>  |                                 |                                 |                         |
| Direct Grants:  |                                 |                                 |                         |
| Health Centers Cluster  |                                 |                                 |                         |
| Consolidated Health Centers   | 93.224                          | H80CS00504                      | \$ 2,175,003            |
| Consolidated Health Centers - School Based Program  | 93.224                          | H2ECS50127                      | 345,566                 |
| Expanding COVID-19 Vaccinations   | 93.527                          | H8FCS41521                      | 38,437                  |
| Affordable Care Act Grants for New and<br>Expanded Services Under the Health Care Program | 93.527                          | H80CS00504                      | 1,833,087               |
| Total Health Centers Cluster  |                                 |                                 | <u>4,392,093</u>        |
|   |                                 |                                 |                         |
| Ryan White Part C Outpatient EIS Program  | 93.918                          | H76HA00817                      | 293,968                 |
| Ryan White Capacity Development   | 93.918                          | P06HA53492                      | 141,016                 |
| Total Ryan White Part C Outpatient EIS Program  |                                 |                                 | <u>434,984</u>          |
|   |                                 |                                 |                         |
| <u>Pass Through City of Baton Rouge, Louisiana</u>  |                                 |                                 |                         |
| Ryan White Part A HIV Emergency Relief Grant  | 93.914                          | N/A                             | <u>815,171</u>          |
|   |                                 |                                 |                         |
| <u>Pass Through State of Louisiana Office of Public Health</u>                            |                                 |                                 |                         |
| HIV Health Models Grant   | 93.940                          | 9711938001                      | <u>230,382</u>          |
|   |                                 |                                 |                         |
| TOTAL U.S. DEPARTMENT OF HEALTH<br>AND HUMAN SERVICES                                     |                                 |                                 | <u>5,872,630</u>        |
|   |                                 |                                 |                         |
| <u>U. S. Department of Agriculture</u>  |                                 |                                 |                         |
| <u>Pass Through Louisiana State Dept. of Health<br/>and Hospitals</u>                     |                                 |                                 |                         |
| Special Supplement Food Program for<br>Women, Infants and Children                        | 10.557                          | 718943                          | <u>936,326</u>          |
|   |                                 |                                 |                         |
| TOTAL FEDERAL AWARDS  |                                 |                                 | <u>\$ 6,808,956</u>     |

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Capitol City Family Health Center, Inc. D/B/A Care South, under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Capitol City Family Health Center, Inc. D/B/A Care South, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Capitol City Family Health Center, Inc. D/B/A Care South.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**INDIRECT COST RATE**

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capitol City Family Health Center, Inc. D/B/A Care South (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2025.

***Report on Internal Control Over Financial Reporting***

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

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

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

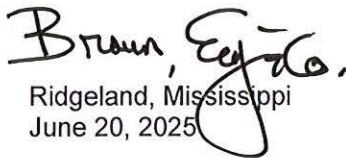


### ***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

  
Ridgeland, Mississippi  
June 20, 2025

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

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

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

We have audited Capitol City Family Health Center, Inc. D/B/A Care South's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Capitol City Family Health Center, Inc. D/B/A Care South's, major federal programs for the year ended December 31, 2024. Capitol City Family Health Center, Inc. D/B/A Care South's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Capitol City Family Health Center, Inc. D/B/A Care South complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Capitol City Family Health Center, Inc. D/B/A Care South, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Capitol City Family Health Center, Inc. D/B/A Care South's compliance with the compliance

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Capitol City Family Health Center, Inc. D/B/A Care South's federal programs.



## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Capitol City Family Health Center, Inc. D/B/A Care South's, compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Capitol City Family Health Center, Inc. D/B/A Care South's, internal control over compliance. Accordingly, no such opinion is expressed.

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

## ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

## **Report on Internal Control over Compliance**

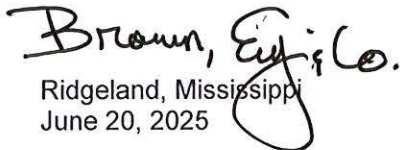
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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



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

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

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

  
Ridgeland, Mississippi  
June 20, 2025

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Summary Schedule of Prior Audit Findings  
Year End December 31, 2024

There were no findings for the year ending December 31, 2023.

CAPITOL CITY FAMILY HEALTH CENTER, INC. D/B/A CARE SOUTH  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2024

Section 1: Summary of Auditor's Results

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements.                              | Unmodified    |
| 2. | Material noncompliance relating to the financial statements.                              | None Reported |
| 3. | Internal control over financial reporting:  |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

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

Section 2: Findings - Financial Statements Audit

NONE

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

NONE



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

**AGREED UPON PROCEDURES REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2024**

INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. Capitol City Family Health Center, Inc. D/B/A Care South's, management is responsible for those C/C areas identified in the SAUPs.

Capitol City Family Health Center, Inc. D/B/A Care South, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

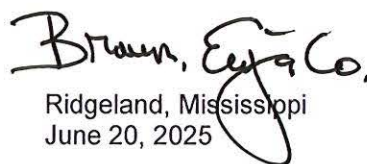
- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

**Employees received cybersecurity training during 2024**

We were engaged by Capitol City Family Health Center, Inc. D/B/A Care South to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Capitol City Family Health Center, Inc. D/B/A Care South and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

  
Ridgeland, Mississippi  
June 20, 2025