

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, 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, 2020 and 2019, 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 26, consolidating statement of activities and changes in net assets on page 28, schedule of compensation, benefits, and other payments to chief executive officer on page 30, 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 December 21, 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  
December 21, 2020

**NO/AIDS TASK FORCE DBA: CRESCENTCARE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 6,145,759	\$ 1,311,789
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	10,108,681	9,023,744
Prepaid Expenses	509,223	361,181
Deposits	50,371	76,519
Total Current Assets	16,814,034	10,773,233
<b>ASSETS LIMITED AS TO USE</b>		
Held by Trustee for Reserve Fund	106,149	126,113
Held by Trustee for Project Fund	-	1,005
Total Assets Limited as to Use	106,149	127,118
<b>INVESTMENTS AND OTHER ASSETS</b>		
Investments	3,224,894	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	17,652,242	17,479,949
<b>PROPERTY AND EQUIPMENT, NET OF DEPRECIATION AND AMORTIZATION</b>		
	20,482,613	22,008,691
Total Assets	\$ 55,055,038	\$ 50,388,991
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 2,106,423	\$ 370,945
Accounts Payable	3,335,849	3,463,001
Construction Payable	-	6,800
Accrued Payroll	584,151	427,601
Accrued Compensated Absences	774,583	647,725
Accrued Interest	50,144	49,083
Accrued Liabilities - Other	9,327	7,255
Total Current Liabilities	6,860,477	4,972,410
<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS</b>		
	31,503,470	29,628,808
Total Liabilities	38,363,947	34,601,218
<b>NET ASSETS</b>		
Without Donor Restrictions	16,691,091	15,787,773
Total Liabilities and Net Assets	\$ 55,055,038	\$ 50,388,991

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, 2020 AND 2019**

	2020	2019
<b>REVENUES AND OTHER SUPPORT</b>		
<b>NET CLINICAL SERVICE FEES AND REIMBURSEMENT</b>		
Clinical Service Revenues and Reimbursements Net of Contractual Adjustments of \$1,992,592 and \$1,035,483, Respectively	\$ 5,624,277	\$ 4,643,443
Less: Bad Debt Expense	(1,104,604)	(336,755)
Net Clinical Service Fees and Reimbursements	4,519,673	4,306,688
<b>PUBLIC SUPPORT AND REVENUE</b>		
Grants and Contracts	48,992,172	42,744,063
Pledges and Contributions	791,025	1,372,527
Fundraising Events, Net	51,369	92,267
Investment Gain, Net	308,330	349,128
Other Support and Revenue	466,845	155,022
Total Public Support and Revenue	50,609,741	44,713,007
Total Revenues and Other Support	55,129,414	49,019,695
<b>EXPENSES</b>		
Program Services	49,550,214	44,890,379
Supporting Services	4,675,882	4,771,361
Total Expenses	54,226,096	49,661,740
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	903,318	(642,045)
Net Assets - Beginning of Year	15,787,773	16,429,818
<b>NET ASSETS - END OF YEAR</b>	\$ 16,691,091	\$ 15,787,773

See accompanying Notes to Consolidated Financial Statements.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services							Housing
	Education	Primary Medical Care	Case Management	Dental	Behavioral Health	Food for Friends	Housing Support	
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 1,877,241	\$ 5,791,074	\$ 2,013,032	\$ 489,795	\$ 1,375,648	\$ 159,362	\$ 1,145,310	\$ 296,290
Employee Health and Benefits	452,420	1,395,664	485,146	118,042	331,535	38,407	276,023	71,407
Payroll Taxes	143,609	443,017	153,997	37,469	105,237	12,191	87,616	22,666
Total Salaries and Related Expenses	<u>2,473,270</u>	<u>7,629,755</u>	<u>2,652,175</u>	<u>645,306</u>	<u>1,812,420</u>	<u>209,960</u>	<u>1,508,949</u>	<u>390,363</u>
<b>OTHER EXPENSES</b>								
Occupancy	36,711	196,328	39,927	41,635	80,755	40,315	9,530	17,927
Property and Operations	94,151	254,959	99,453	23,345	74,376	8,088	47,185	35,257
Software, Technology and Phones	129,415	652,676	110,064	27,931	125,898	4,500	86,162	35,738
Agency Insurance	22,132	62,442	29,114	6,171	17,776	1,959	10,699	10,576
Agency Membership and Subscriptions	4,572	48,336	2,509	610	2,465	349	1,427	369
Contracted Providers and Referrals	-	153,661	-	386,979	252,342	-	-	-
Professional Fees	48,521	146,943	46,109	8,099	145,168	8,299	26,256	11,971
Medications	-	20,152	-	-	-	-	-	-
Lab Costs	112,171	404,006	-	-	-	-	-	-
Client Assistance	13,237	10,391	396,601	-	34,552	-	1,952	3,254,869
Client Incentives	126,770	178,612	-	-	3,720	-	-	54
Supplies and Materials	289,647	147,753	6,923	96,887	14,174	280,917	1,632	578
Postage	1,392	3,397	4,507	467	1,048	125	704	635
Staff Professional Development & Support	29,564	24,096	976	4,151	16,998	3,187	1,028	323
Transportation	6,177	1,029	13,102	126	723	296	21,402	18,278
Advertising and Community Support	13,118	20,576	-	-	-	7,656	-	-
Miscellaneous	25,146	41,066	21,637	3,379	9,489	1,099	7,900	2,044
Total Other Expenses	<u>952,724</u>	<u>2,366,423</u>	<u>770,922</u>	<u>599,780</u>	<u>779,484</u>	<u>356,790</u>	<u>215,877</u>	<u>3,388,619</u>
Expenses Before Depreciation, Amortization and Interest	3,425,994	9,996,178	3,423,097	1,245,086	2,591,904	566,750	1,724,826	3,778,982
Depreciation and Amortization	220,159	623,248	244,622	59,039	168,423	18,404	124,905	60,452
Interest	100,199	309,102	107,447	26,143	73,426	8,506	61,132	15,815
Total Expenses	<u>\$ 3,746,352</u>	<u>\$ 10,928,528</u>	<u>\$ 3,775,166</u>	<u>\$ 1,330,268</u>	<u>\$ 2,833,753</u>	<u>\$ 593,660</u>	<u>\$ 1,910,863</u>	<u>\$ 3,855,249</u>

See accompanying Notes to Consolidated Financial Statements.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	Program Services			Supporting Services			Total Expenses
	Medication	Legal Services	Total	Management and General	Fund Raising	Total	
<b>SALARIES AND RELATED EXPENSES</b>							
Salaries	\$ 251,518	\$ 506,586	\$ 13,905,856	\$ 2,440,371	\$ 76,695	\$ 2,517,066	\$ 16,422,922
Employee Health and Benefits	60,617	122,089	3,351,350	588,136	18,482	606,618	3,957,968
Payroll Taxes	19,241	38,754	1,063,797	186,688	5,869	192,557	1,256,354
Total Salaries and Related Expenses	331,376	667,429	18,321,003	3,215,195	101,046	3,316,241	21,637,244
<b>OTHER EXPENSES</b>							
Occupancy	9,163	7,694	479,985	116,015	2,307	118,322	598,307
Property and Operations	6,505	12,713	656,032	25,011	3,888	28,899	684,931
Software, Technology and Phones	5,850	19,852	1,198,086	119,786	17,935	137,721	1,335,807
Agency Insurance	1,332	8,941	171,142	25,646	740	26,386	197,528
Agency Membership and Subscriptions	1,663	1,979	64,279	18,511	244	18,755	83,034
Contracted Providers and Referrals	-	-	792,982	-	-	-	792,982
Professional Fees	2,256	7,682	451,304	196,067	1,042	197,109	648,413
Medications	19,339,953	-	19,360,105	-	-	-	19,360,105
Lab Costs	-	-	516,177	-	-	-	516,177
Client Assistance	-	-	3,711,602	36,939	-	36,939	3,748,541
Client Incentives	-	-	309,156	-	-	-	309,156
Supplies and Materials	131	2,702	841,344	25,348	1,078	26,426	867,770
Postage	73	513	12,861	6,293	61	6,354	19,215
Staff Professional Development & Support	-	7,065	87,388	47,388	-	47,388	134,776
Transportation	-	9,568	70,701	4,640	192	4,832	75,533
Advertising and Community Support	-	-	41,350	3,632	53,368	57,000	98,350
Miscellaneous	1,735	8,352	121,847	209,368	529	209,897	331,744
Total Other Expenses	19,368,661	87,061	28,886,341	834,644	81,384	916,028	29,802,369
Expenses Before Depreciation, Amortization and Interest	19,700,037	754,490	47,207,344	4,049,839	182,430	4,232,269	51,439,613
Depreciation and Amortization	23,878	57,506	1,600,636	301,202	8,062	309,264	1,909,900
Interest	13,425	27,039	742,234	130,256	4,093	134,349	876,583
Total Expenses	\$ 19,737,340	\$ 839,035	\$ 49,550,214	\$ 4,481,297	\$ 194,585	\$ 4,675,882	\$ 54,226,096

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							Housing
	Education	Primary Medical Care	Case Management	Dental	Behavioral Health	Food for Friends	Housing Support	
<b>SALARIES AND RELATED EXPENSES</b>								
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>
<b>OTHER EXPENSES</b>								
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	
<b>SALARIES AND RELATED EXPENSES</b>							
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>17,561,129</u>	<u>3,113,047</u>	<u>164,748</u>	<u>3,277,795</u>	<u>20,838,924</u>
<b>OTHER EXPENSES</b>							
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>25,598,068</u>	<u>1,032,627</u>	<u>150,151</u>	<u>1,182,778</u>	<u>26,780,846</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 STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 903,318	\$ (642,045)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	1,909,900	1,261,246
Amortization of Issuance Costs	20,847	20,847
Loss on Disposition of Property and Equipment	-	46,505
Net Unrealized Gain on Investments	(133,838)	(63,296)
Changes in Assets and Liabilities:		
Reimbursements Receivable	(1,084,937)	(1,106,990)
Prepaid Expenses	(148,042)	15,196
Deposits	26,148	(12,695)
Accounts Payable	(127,152)	1,444,103
Accrued Expenses	286,541	31,978
Net Cash Provided by Operating Activities	1,652,785	994,849
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(390,622)	(8,255,593)
Purchase of Investments	(52,765)	(3,509,871)
Proceeds from Sale of Investments	14,310	2,959,318
Net Cash Used by Investing Activities	(429,077)	(8,806,146)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of Long-Term Debt and Capital Leases, Net of Financing		
Costs	3,941,461	358,819
Principal Payments on Long-Term Debt and Capital Leases	(352,168)	(235,362)
Net Cash Provided by Financing Activities	3,589,293	123,457
<b>NET CHANGE IN CASH</b>	4,813,001	(7,687,840)
Cash - Beginning of Year	1,438,907	9,126,747
<b>CASH - END OF YEAR</b>	\$ 6,251,908	\$ 1,438,907
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash	\$ 6,145,759	\$ 1,311,789
Held by Trustee for Reserve Fund	106,149	126,113
Held by Trustee for Project Fund	-	1,005
Total Cash	\$ 6,251,908	\$ 1,438,907
Cash paid for Interest	\$ 875,522	\$ 886,024
Equipment Acquired Under Capital Lease	\$ 120,671	\$ 358,819

See accompanying Notes to Consolidated Financial Statements.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Education and 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 14,377 individuals and over 57,387 visits in 2020. 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, 2020 AND 2019**

**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 \$32,210,928 and \$26,634,843 and related expenses of \$17,933,659 and \$14,990,017 were recognized in 2020 and 2019, 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, 2020 AND 2019**

**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 without donor restrictions. At June 30, 2020 and 2019, CrescentCare had \$-0- 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, 2020 AND 2019**

**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 \$1,667,134 and \$898,463 at June 30, 2020 and 2019 respectively.

**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, 2020 AND 2019**

**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, 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, 2020 and 2019.

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, 2020 AND 2019**

**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 2020, CrescentCare did not make any changes to investment in subsidiary. The balance remains \$400,108 as of June 30, 2020 and 2019.

**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 year 2019, 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 year ended June 30, 2019 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, 2020 and 2019, advertising costs related to fundraising was \$53,368 and \$149,902, respectively.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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 \$562,857 and \$583,704, respectively, and amortization was \$20,847 for the years ended June 30, 2020 and 2019.

**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, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements – ASU 2016-18**

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The consolidated financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

**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, 2019. 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, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on CrescentCare's consolidated financial statements.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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 10% and 61%, respectively, of CrescentCare net clinical revenue for the year ended June 30, 2020, and 12% and 62%, respectively, of CrescentCare net clinical revenue, for the year ended June 30, 2019. 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, 2020 and 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:

	2020	2019
Clinical Service Revenues and Reimbursements	\$ 7,616,869	\$ 5,678,926
Less: Contractual Adjustments	(1,992,592)	(1,035,483)
Less: Bad Debt Expense	(1,104,604)	(336,755)
Net Clinical Service Revenues and Reimbursements	<u>\$ 4,519,673</u>	<u>\$ 4,306,688</u>

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3 INVESTMENTS**

Investments consisted of the following at June 30:

	2020	2019
Mutual Funds and Corporate Obligations	\$ 3,224,894	\$ 3,052,601

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment are summarized as follows at June 30:

	2020	2019
Computer Equipment and Software	\$ 3,568,765	\$ 3,336,958
Office Furniture, Fixtures, and Equipment	311,616	327,407
Leasehold Improvements	2,977,457	2,930,511
Mobile Medical Unit	210,000	210,000
Building	16,897,245	16,891,765
Land	1,500,001	1,500,001
Total Property and Equipment	25,465,084	25,196,642
Less: Accumulated Depreciation and Amortization	4,982,471	3,187,951
Property and Equipment, Net	\$ 20,482,613	\$ 22,008,691

During the years ended June 30, 2020 and 2019, depreciation was \$1,909,900 and \$1,261,248, respectively.

**NOTE 5 LINE OF CREDIT**

CrescentCare has two secured lines of credit with financial institutions. The secured lines of credit have maximum borrowing of up to \$3,930,000 and are secured by CrescentCare's investments portfolio. For the years ended June 30, 2020 and 2019, the secured lines of credit have a balance of \$-0- and carry interest rates of 4.75% and 4.15%, 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, 2020 AND 2019**

**NOTE 7 RELATED-PARTY TRANSACTION**

Transactions between CrescentCare and Holdings are considered related-party transactions. CrescentCare loaned approximately \$14.0 million to a financial institution which in turn, loaned \$20.5 million to Holdings. During the year-end June 30, 2019, 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 through December 31, 2023, increasing to \$610,359 for the year ended December 31, 2024, increasing to \$1,076,625 per year from January 1, 2025 through 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 property and equipment and other assets of Holdings and CrescentCare and are also subject to certain financial and other covenants as specified under the agreements. During the year-end June 30, 2020, CrescentCare received a loan through the Small Business Administration (SBA) Paycheck Protection Program (PPP) of \$3,820,790. The loan accrues interest at 1% with principal and interest payments due monthly starting November 2020 for a period of eighteen months at which time the loan is due in full. There are provisions under the PPP loan program where all or a portion of the loan may be forgiven based on certain requirements being met. As of June 30, 2020, the loan had not been forgiven.

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>
2021	\$ 1,965,418
2022	2,443,486
2023	322,723
2024	343,481
2025	9,118,397
Thereafter	<u>19,692,562</u>
Total	33,886,067
Less: Unamortized Debt Issuance Costs	<u>(562,857)</u>
Total, Net Unamortized Debt Issuance Costs	<u><u>\$ 33,323,210</u></u>

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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>
2021	\$ 151,879
2022	131,190
2023	18,418
Less: Amount Representing Interest	<u>(14,804)</u>
Present Value of Net Minimum Lease Payments	286,683
Current Portion	<u>(141,005)</u>
Long-Term Obligation under Capital Leases	<u><u>\$ 145,678</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>2020</u>	<u>2019</u>
Capital Lease	\$ 479,490	\$ 358,819
Less: Accumulated Depreciation	<u>(197,689)</u>	<u>(64,855)</u>
Net Book Value	<u><u>\$ 281,801</u></u>	<u><u>\$ 293,964</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, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 437,067
2022	299,041
2023	27,789
2024	9,263
Total Minimum Lease Payments	<u><u>\$ 773,160</u></u>



**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Operating Leases (Continued)**

Rental expense relating to these leases was approximately \$721,000 and \$1,006,000 for the years ended June 30, 2020 and 2019, 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, 2020 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 89% and 87% of CrescentCare's total support and revenue for fiscal 2020 and 2019, respectively, including approximately \$32.7 million and \$26.6 million, respectively, of revenues for years ended June 30, 2020 and 2019, from the 340B Program.

In addition, the balance of reimbursements receivable is comprised primarily of government grants and support at both June 30, 2020 and 2019.

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 years ended December 31, 2020 and 2019. The Company also made a safe harbor nonelective contribution of 3% of eligible compensation to participants for 2020 and 2019. Contributions to the Plan were \$569,978 and \$697,703 for the years ended June 30, 2020 and 2019, respectively.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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, 2020 AND 2019**

**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, 2020 and 2019 by fair value measurements valuation hierarchy:

	2020			Total
	Level 1	Level 2	Level 3	
Debt and Equity Fund:				
Conservative Allocation	\$ 3,210,796	\$ -	\$ -	\$ 3,210,796
Fixed Income Funds:				
Real Estate Investment Trusts	-	14,098	-	14,098
Total	<u>\$ 3,210,796</u>	<u>\$ 14,098</u>	<u>\$ -</u>	<u>\$ 3,224,894</u>
	2019			Total
	Level 1	Level 2	Level 3	
Debt and Equity Fund:				
Conservative Allocation	\$ 3,042,030	\$ -	\$ -	\$ 3,042,030
Fixed Income Funds:				
Real Estate Investment Trusts	-	10,571	-	10,571
Total	<u>\$ 3,042,030</u>	<u>\$ 10,571</u>	<u>\$ -</u>	<u>\$ 3,052,601</u>

**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:

	2020	2019
Financial Assets at Year-End:		
Cash	\$ 6,145,759	\$ 1,311,789
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	10,108,681	9,023,744
Deposits	50,371	76,519
	<u>\$ 16,304,811</u>	<u>\$ 10,412,052</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.

**NOTE 13 SUBSEQUENT EVENTS**

Management has evaluated events through the date that the consolidated financial statements were available to be issued, December 21, 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, 2020**

	NO/AIDS Task Force dba: CrescentCare	CrescentCare Holdings, Inc.	Eliminations	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 6,064,942	\$ 80,817	\$ -	\$ 6,145,759
Reimbursements Receivable, Net of Allowance for Doubtful Accounts	11,239,673	74,426	(1,205,418)	10,108,681
Prepaid Expenses	565,079	1,184	(57,040)	509,223
Deposits	50,371	-	-	50,371
Total Current Assets	<u>17,920,065</u>	<u>156,427</u>	<u>(1,262,458)</u>	<u>16,814,034</u>
<b>ASSETS LIMITED AS TO USE</b>				
Held by Trustee for Reserve Fund	-	106,149	-	106,149
<b>INVESTMENTS AND OTHER ASSETS</b>				
Investments	3,224,894	-	-	3,224,894
Receivable for 1631 Elysian Fields Project	14,027,240	-	-	14,027,240
Investment in Housing Partnership	400,108	-	-	400,108
Total Investments	<u>17,652,242</u>	<u>-</u>	<u>-</u>	<u>17,652,242</u>
<b>PROPERTY AND EQUIPMENT, NET OF DEPRECIATION AND AMORTIZATION</b>				
	<u>2,395,609</u>	<u>18,087,004</u>	<u>-</u>	<u>20,482,613</u>
Total Assets	<u>\$ 37,967,916</u>	<u>\$ 18,349,580</u>	<u>\$ (1,262,458)</u>	<u>\$ 55,055,038</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	\$ 2,106,423	\$ -	\$ -	\$ 2,106,423
Accounts Payable	4,530,613	5,555	(1,200,319)	3,335,849
Accrued Payroll	584,151	-	-	584,151
Accrued Compensated Absences	774,583	-	-	774,583
Accrued Interest	50,144	-	-	50,144
Accrued Liabilities - Other	7,452	64,014	(62,139)	9,327
Total Current Liabilities	<u>8,053,366</u>	<u>69,569</u>	<u>(1,262,458)</u>	<u>6,860,477</u>
<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS</b>				
	<u>11,606,327</u>	<u>19,897,143</u>	<u>-</u>	<u>31,503,470</u>
Total Liabilities	19,659,693	19,966,712	(1,262,458)	38,363,947
<b>NET ASSETS</b>				
Without Donor Restrictions	<u>18,308,223</u>	<u>(1,617,132)</u>	<u>-</u>	<u>16,691,091</u>
Total Liabilities and Net Assets	<u>\$ 37,967,916</u>	<u>\$ 18,349,580</u>	<u>\$ (1,262,458)</u>	<u>\$ 55,055,038</u>

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

	NO/AIDS Task Force		Eliminations	Total
	CrescentCare	CrescentCare Holdings, Inc.		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
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>
<b>ASSETS LIMITED AS TO USE</b>				
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>
<b>INVESTMENTS AND OTHER ASSETS</b>				
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>
<b>PROPERTY AND EQUIPMENT, NET OF DEPRECIATION AND AMORTIZATION</b>				
	<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>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
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>
<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS</b>				
	<u>9,752,512</u>	<u>19,876,296</u>	<u>-</u>	<u>29,628,808</u>
Total Liabilities	<u>14,718,122</u>	<u>19,883,096</u>	<u>-</u>	<u>34,601,218</u>
<b>NET ASSETS</b>				
Without Donor Restrictions	<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 ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2020**

	NO/AIDS Task Force dba: CrescentCare	CrescentCare Holdings, Inc.	Eliminations	Total
<b>REVENUES AND OTHER SUPPORT</b>				
<b>NET CLINICAL SERVICE FEES AND REIMBURSEMENTS</b>				
Clinical Service Revenues and Reimbursements Net of Contractual Adjustments of \$1,992,592	\$ 5,624,277	\$ -	\$ -	\$ 5,624,277
Less: Bad Debt Expense	(1,104,604)	-	-	(1,104,604)
Net Clinical Service Fees and Reimbursements	<u>4,519,673</u>	-	-	<u>4,519,673</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Grants and Contracts	48,992,172	-	-	48,992,172
Pledges and Contributions	791,025	-	-	791,025
Fundraising Events, Net	51,369	-	-	51,369
Investment Gain, Net	307,964	366	-	308,330
Other Support and Revenue	523,915	277,313	(334,383)	466,845
Total Public Support and Revenue	<u>50,666,445</u>	<u>277,679</u>	<u>(334,383)</u>	<u>50,609,741</u>
Total Revenues and Other Support	55,186,118	277,679	(334,383)	55,129,414
<b>EXPENSES</b>				
Program Services	49,884,597	-	(334,383)	49,550,214
Supporting Services	3,100,498	1,575,384	-	4,675,882
Total Expenses	<u>52,985,095</u>	<u>1,575,384</u>	<u>(334,383)</u>	<u>54,226,096</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	2,201,023	(1,297,705)	-	903,318
Net Assets - Beginning of Year	<u>16,107,200</u>	<u>(319,427)</u>	-	<u>15,787,773</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,308,223</u>	<u>\$ (1,617,132)</u>	<u>\$ -</u>	<u>\$ 16,691,091</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
<b>REVENUES AND OTHER SUPPORT</b>				
<b>NET CLINICAL SERVICE FEES AND REIMBURSEMENTS</b>				
Clinical Service Revenues and Reimbursements Net of Contractual Adjustments of \$1,035,483	\$ 4,643,443	\$ -	\$ -	\$ 4,643,443
Less: Bad Debt Expense	(336,755)	-	-	(336,755)
Net Clinical Service Fees and Reimbursements	4,306,688	-	-	4,306,688
<b>PUBLIC SUPPORT AND REVENUE:</b>				
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	155,022	208,985	(208,985)	155,022
Total Public Support and Revenue	44,697,698	224,294	(208,985)	44,713,007
Total Revenues and Other Support	49,004,386	224,294	(208,985)	49,019,695
<b>EXPENSES</b>				
Program Services	45,061,766	-	(171,387)	44,890,379
Supporting Services	3,951,759	857,200	(37,598)	4,771,361
Total Expenses	49,013,525	857,200	(208,985)	49,661,740
<b>DEFICIT OF REVENUES OVER EXPENSES</b>	(9,139)	(632,906)	-	(642,045)
<b>EQUITY TRANSFER</b>	491,587	(491,587)	-	-
<b>CHANGE IN NET ASSETS</b>	482,448	(1,124,493)	-	(642,045)
Net Assets - Beginning of Year	15,624,752	805,066	-	16,429,818
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 16,107,200</u>	<u>\$ (319,427)</u>	<u>\$ -</u>	<u>\$ 15,787,773</u>

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO CHIEF EXECUTIVE OFFICER  
JUNE 30, 2020**

**AGENCY HEAD NAME: NOEL TWILBECK, CHIEF EXECUTIVE OFFICER**

**PURPOSE**

Salary	\$ 210,640
Benefits - Insurance	14,994
Benefits - Retirement	<u>10,558</u>
Total	<u><u>\$ 236,192</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, 2020, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 21, 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 2020-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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  
December 21, 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, 2020. 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, 2020.

### ***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 items 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, and 2020-008. 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 item 2020-002 to be a material weakness.

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 items 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, and 2020-008 to be significant deficiencies.

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, 2020, and have issued our report thereon dated December 21, 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  
December 21, 2020

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Department of Housing and Urban Development</b>				
Community Development Block Grants/Entitlement Grants	14 218	Louisiana Department of Health and Hospitals	2000490469(1)	\$ 161,284
Housing Opportunities for Persons with AIDS	14 241	Unity of Greater New Orleans, Inc	LA-H190014	204,153
Housing Opportunities for Persons with AIDS	14 241	Unity of Greater New Orleans, Inc	LA-H15-001	215,935
Housing Opportunities for Persons with AIDS	14 241	Louisiana Department of Health and Hospitals	2000374889	159,623
Housing Opportunities for Persons with AIDS	14 241	Louisiana Department of Health and Hospitals	2000324061	79,843
Housing Opportunities for Persons with AIDS	14 241	City of New Orleans Division of Housing and Neighborhood Development	HOPWA-027F	1,780,197
Total Housing Opportunities for Persons with AIDS				<u>2,439,751</u>
Continuum of Care Program	14 267	Unity of Greater New Orleans, Inc	LA0223L6H031906	359,975
Continuum of Care Program	14 267	Unity of Greater New Orleans, Inc	LA 025L6H031803	1,086,923
Total Continuum of Care Program				<u>1,446,898</u>
Total Department of Housing and Urban Development				<u>4,047,933</u>
<b>Department of Health and Human Services</b>				
Acquired Immunodeficiency Syndrome (AIDS) Activity	93 118	The Center for Black Health & Equity (NAATPN)	PS004987-05-SC02	15,552
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93 153	N/A	N/A	1,094,405
Consolidated Health Centers	93 224	N/A	N/A	1,749,816
COVID-19 Consolidated Health Centers	93 224	N/A	N/A	64,311
Total Consolidated Health Centers Program				<u>1,814,127</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93 243	Unity of Greater New Orleans, Inc	IH79SM053337-01	18,140
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93 243	N/A	N/A	526,174
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>544,314</u>
Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment	93 266	University of Washington	PSA-11-2019	19,076
Cancer Treatment Research	93 395	UCLA	1568 G VA058	78,766
HIV Emergency Relief Project Grants	93 914	National Association of County and City Health Officials	2018-091303	24,820
HIV Emergency Relief Project Grants	93 914	City of Baton Rouge	800001051	113,885
HIV Emergency Relief Project Grants	93 914	Boston University	4500002792	7,582
HIV Emergency Relief Project Grants	93 914	City of New Orleans	3611-2343	2,986,399
HIV Emergency Relief Project Grants	93 914	AIDS United	U69HA310670100	136,328
Total HIV Emergency Relief Project Grants				<u>3,269,014</u>
HIV Care Formula Grants	93 917	Louisiana Department of Health and Hospitals	2000374889	488,157
HIV Care Formula Grants	93 917	Louisiana Department of Health and Hospitals	2000441493	131,134
Total HIV Care Formula Grants				<u>619,291</u>
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93 918	University Medical Center	EIS	10,033
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93 918	N/A	N/A	769,827
Total Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease				<u>779,860</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NO/AIDS TASK FORCE DBA: CRESCENTCARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Federal Expenditures
Special Projects of National Significance	93.928	N/A	N/A	282,926
HIV Prevention Activities Non Governmental Organization	93.939	N/A	N/A	651,929
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000398493	179,881
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000398496	206,395
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000255091	343,844
HIV Prevention Activities Health Department Based	93.940	Louisiana Department of Health and Hospitals	2000418595	217,200
Total HIV Prevention Activities Health Department Based				<u>947,320</u>
HIV Demonstration, Research, Public and Professional Education Projects	93.941	RTI International	3-312-0214934-52563L	69,169
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	Louisiana Department of Health and Hospitals	2000418595	418,337
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Metropolitan Human Services District	20207	<u>273,097</u>
Total Department of Health and Human Services				<u>10,877,183</u>
Total Expenditures of Federal Awards				<u><u>\$ 14,925,116</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CRESCENTCARE NO/AIDS TASK FORCE  
NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2020**

**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, 2020 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, 2020. 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, 2020. 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	\$ 14,925,116
340B Drug Pricing Program (Nonfederal)	32,710,928
Other (Nonfederal and Fee-for-Service Contracts)	<u>1,356,128</u>
Total Grants and Contracts	<u><u>\$ 48,992,172</u></u>

**NOTE 4 DE MINIMIS COST RATE**

During the year ended June 30, 2020, 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, 2020**

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***Section I – Summary of Auditors’ Results***

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***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?            yes     x     none reported
3. Noncompliance material to financial statements noted?            yes     x     no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified?     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
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
93.224	Consolidated Health Centers
93.940	HIV Prevention Activities Health Department Based

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, 2020**

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***Section II – Consolidated Financial Statement Findings***

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**2020 – 001**

Type of Finding:

- **Material Weakness in Internal Control over Financial Reporting**

**Condition:** The audit required additional time to complete due to account reconciliations and supporting schedules that were not readily available to complete the audit process within the originally planned timeline. Throughout the extended time period, management was able to provide appropriate account reconciliations and the necessary adjusting journal entries were posted 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 made the decision to reimplement the General Ledger Financial Edge software system for the new fiscal year. The change in the long-run will provide greater efficiency and effectiveness in its overall financial reporting processes and procedures. However, for the fiscal year ended June 30, 2020 this transition created challenges in providing the monthly and year-end reconciliation process out of the newly reimplemented system.

**Effect:** CrescentCare's consolidated financial statements required several material adjustments in order to reconcile and properly report account and financial statement balances.

**Cause:** CrescentCare's reimplementation of the General Ledger Financial Edge software system for fiscal year-end and the decision to use the newly reimplemented system for the audit (rather than the previous system) led to delays in providing documents at the beginning of the audit. This conversion coupled with the impacts of COVID-19 on the organization's day-to-day operations and staffing and the additional funding received during the pandemic meant that the staff were not able to provide the year-end reconciled accounts from the new system in a timely manner.

**Recommendation:** We recommend CrescentCare continue its work with the general ledger software reimplementation, stabilizing and increasing key finance department positions as determined necessary and continue to refine 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, 2020**

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***Section II – Consolidated Financial Statement Findings (Continued)***

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**Views of responsible officials and planned corrective actions:** We acknowledge that there were delays. However, we are confident that the accounts are appropriately reconciled. We do not believe that the finding noted above created a risk of material misstatement on our financials.

In May of 2020, CrescentCare financial staff made the decision to reimplement our General Ledger Financial Edge Blackbaud software system effective July 1, 2020 in line with our new fiscal year. The GL system had been set up a decade ago when the organization was a small fraction of our current size and complexity. The system had not kept pace with the development and growth of the organization over the last six years. The account structure did not enable management to receive meaningful reports and made the work of the finance department more cumbersome. Prior to the decision and throughout the process we kept in close communication with CLA about it. Even though the accounts in the old system were reconciled, prior to the beginning of the audit, through discussions with CLA the decision was made to perform the audit out of the newly reimplemented system. Due to the depth and scope of the changes made from the old system to the new system, re-reconciling all the accounts in the new system took additional amount of staff time. The accounts have all been reconciled in both the old and the new system and we are successfully able to generate reports directly out of the system, something that was not consistently the case in the past.

As noted in the previous audit, we had significant turnover in the 2018-2019 fiscal year. However, the staffing for the finance department has stabilized over this past year. We acknowledge that the department is still not staffed at the depth that is necessary to fully support the organization. We are actively working to fill the CFO and a newly created grant / budget analyst role. We have been trying to fill the CFO role for several months and have recently engaged a search firm to assist with filling that role.

**CRESCENTCARE NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2020 – 002**

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

Federal program title: Housing Opportunities for Persons with AIDS (HOPWA)

CFDA Number: 14.241

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

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** Except for persons in short-term supportive housing, each person receiving rental assistance under the HOPWA program must pay as rent the higher of: (1) 30 percent of the family's monthly adjusted gross income; (2) 10 percent of the family's monthly gross income; or (3) the portion of the payments that is designated if the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, is specifically designated by the agency to meet the family's housing costs (24 CFR section 574.310).

**Condition:** During our testing, we noted instances where the amount of rent paid under the HOPWA program was not calculated properly.

**Context:** Four out of sixty benefit payments tested were improperly calculated. The total monthly amount paid for these 4 individuals rent payments was \$3,115 but should have been \$3,253.

**Cause:** The spreadsheet used to calculate amounts to be paid was modified improperly.

**Effect:** In three cases, CrescentCare paid more than was calculated, and in one case paid less than what was calculated, resulting in program participants paying either less than required or more than required.

**Recommendation:** We recommend CrescentCare implement controls around the spreadsheet used to calculate amounts to be paid with locked cells and a review process.

**Views of responsible officials:**

We have already locked the spreadsheet so that the calculation cells cannot be modified. Additionally, we have implemented additional reviews and internal audits of the program to ensure that the rents are calculated correctly.

**CRESCENTCARE NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**2020 – 003**

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

Federal program title: Housing Opportunities for Persons with AIDS (HOPWA)

CFDA Number: 14.241

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

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** A person eligible for assistance under this program means a person with HIV or AIDS who is a low-income individual and the person's family, including persons important to their care or well-being, as defined in 24 CFR section 574.3. The eligibility of those tenants who were admitted to the program should be determined by (1) obtaining applications that contain all the information needed to determine eligibility, including diagnosis, documentation of housing need, income, rent, and order of selection; and (2) obtaining third-party verifications or documentation of expected income, assets, unusual medical expenses, and any other pertinent information.

**Condition:** One program participant was miscoded to HOPWA instead of the program they were noted to be eligible for, which was CFDA 14.267, Continuum of Care.

**Context:** One out of 60 tenants tested was improperly coded to HOPWA instead of Continuum of Care, with a monthly rent payment of \$623. It was noted that no other months were coded to HOPWA for this participant in our testing.

**Questioned Costs:** \$623

**Cause:** There was a coding error for the tenant.

**Effect:** Tenant was coded to program for which eligibility requirements were not met.

**Recommendation:** We recommend CrescentCare implement controls around participants entering program to ensure proper program utilized.

**Views of responsible officials:**

We have implemented additional workflows and internal reviews to ensure that individuals are coded and billed to the correct program. The check in question did not actually clear the bank prior to submitting the final invoice, therefore we did not actually receive reimbursement from the HOPWA funds for this questioned cost.

**CRESCENTCARE NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**2020 – 004**

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

Federal program titles: Housing Opportunities for Persons with AIDS (HOPWA) and Ryan White Part D  
CFDA Numbers: 14.241 and 93.153

Pass-Through Agencies: City of New Orleans Division of Housing and Neighborhood Development for HOPWA

Type of Finding:

- Significant Deficiency 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 specifies that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

**Condition:** CrescentCare employees prepare time and effort certifications twice a year which indicate their time spent on federal programs. For two employees tested for HOPWA, and two employees tested for Ryan White Part D, the time and effort certification indicated less time was spent on the federal grant than was billed.

**Context:** Two out of thirteen employees tested for HOPWA had less time certified than was charged, and less than 5% differences were noted. Two out of eight employees tested for Ryan White Part D had less time certified than was charged, less than 10% differences were noted.

**Cause:** There were delays on time and effort reconciliations.

**Effect:** Program could be over or under billed if time and effort is not calculated correctly from employee certifications.

**Repeat Finding:** Yes, for HOPWA

**Recommendation:** We recommend CrescentCare implement a reconciliation process to ensure that differences in employee reporting and costs reported to grantor are accurate and timely.

**Views of responsible officials:**

We have implemented additional workflows and internal reviews over billing to ensure that the correct percentages of staff salaries are coded and billed to the correct grant program. In addition, we are in the process of hiring additional staff to ensure we have additional review and oversight over invoicing and the time and effort process.

**CRESCENTCARE NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**2020 – 005**

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

Federal program titles: HIV Prevention Activities

CFDA Numbers: 93.940

Pass-Through Agency: Louisiana Department of Health (State Prevention Grant)

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity (2 CFR section 200.309).

**Condition:** The period of performance for the State Prevention grant began on July 1, 2019. There were \$1,270 of services for June 2019 that were billed on the July 2019 invoice.

**Context:** The entire invoice was reviewed for period of performance, over \$11,000 of costs were billed, with \$1,270 relating to June 2019.

**Cause:** The state generates the report used for invoicing and had not removed the services outside of the period of performance. This was not caught in the review of the reimbursement request by CrescentCare management.

**Effect:** Costs were charged outside the grant period and will need to be repaid to the grantor.

**Recommendation:** We recommend CrescentCare implement review of services provided for proper cutoff, even when the grantor is generating the report used for the invoice.

**Views of responsible officials:**

We have submitted the reimbursement to the funder for the amount billed and paid out of the previous grant year. In addition, we have been in contact with our funder and have trained our staff to review the reports and ensure we avoid this issue at the end of next grant year.

**CRESCENTCARE NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**2020 – 006**

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

Federal program titles: Ryan White Part C

CFDA Numbers: 93.918

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** Ryan White Part C requires that an annual SF-425 be filed detailing out costs charged to the grant in specific categories. 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:** Indirect expenses reported on the annual SF-425 report were calculated at the provisional rate, which is not used on this grant. There is a different rate used in the grant award. Indirect expenses reported on the SF-425 were overstated. Additionally, there was not a documented review process over the report.

**Context:** The indirect cost section was the only section that was not reported properly. Other sections of the SF-425 were reported properly.

**Cause:** There was confusion on how to report indirect costs on the SF-425.

**Effect:** Improper reporting to the federal agency on expenses under the grant.

**Recommendation:** We recommend CrescentCare update the report and change the process going forward, along with implementing a documented review process over the report.

**Views of responsible officials:**

Funder approved SF-425 with indirect costs reported this way and it's not what was actually billed to the grant. We have retrained staff on how to properly complete this report moving forward. To be clear, we drew down the proper amount for the grant, it was only on the reporting that there was an error.



**CRESCENTCARE NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**2020 – 007**

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

Federal program titles: Ryan White Part D, Health Center Program, Ryan White Part C

CFDA Numbers: 93.153, 93.224, 93.918

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, §200.303 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 first part of the year was not maintained.

**Context:** Four out of five cash requests for the fiscal year ending June 30, 2020 did not contain evidence of internal controls in place for each grant.

**Cause:** Controls were implemented late in the year as a result of a previous audit finding, however the first part of the year did not have such documentation.

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

**Repeat Finding:** Yes, for Ryan White Part D

**Recommendation:** CrescentCare has implemented a new process for fiscal year 2021 which addresses the finding. We viewed documentation of this in the last cash request for fiscal year 2020 in July 2020. We recommend management continue with the process it has developed to document controls for each draw.

**Views of responsible officials:**

We agree. As stated above, we implemented a new process that fully addresses this issue after the conclusion of prior year audit and this process has remained in place for each subsequent cash request.

**CRESCENTCARE NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**2020 – 008**

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

Federal program title: Health Center Program

CFDA Number: 93.224

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** Health centers must prepare and apply a sliding fee discount schedule so that the amounts owed for health center services by eligible patients are adjusted (discounted) based on the patient's ability to pay based on Federal Poverty Guidelines.

**Condition:** During our testing surrounding the sliding fee discount policy, we noted two sliding fee adjustments were calculated incorrectly. In both scenarios, the system included incorrect information compared to the sliding fee application and other support on file.

**Context:** Out of 40 patients tested, we noted errors on these two patients. The system included two dependents for the first patient when the sliding fee application only listed one dependent. The sliding fee application for the second patient included two different financial amounts which would have conflicting sliding fee adjustments. This difference was not investigated prior to being input in the system.

**Cause:** Manual error in data entry.

**Effect:** The patient paid an incorrect amount for their sliding fee.

**Recommendation:** We recommend the organization have a review process over the data entry to ensure accuracy and provide training as needed to mitigate risk of future errors.

**Views of responsible officials**

We have recently hired a new Practice Registration Manager and she is in the process of revising the sliding fee schedule SOP and updating the training process for staff. The revised SOP includes another layer of review prior to applying the sliding fee schedule in our electronic health record as well as auditing for the correct application.



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

In planning and performing our audit of the consolidated financial statements of the NO/AIDS Task Force dba: CrescentCare (a nonprofit organization) (CrescentCare) and subsidiary as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), we considered CrescentCare's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CrescentCare's internal control. Accordingly, we do not express an opinion on the effectiveness of CrescentCare's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. A separate report dated December 21, 2020 contains our report on material weaknesses in CrescentCare's internal control. This letter does not affect our report dated December 21, 2020 on the consolidated financial statements of CrescentCare.

### **Accounting and Reporting Observations**

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

The majority of the comments listed below were also identified during the June 30, 2019 audit. However, due to the timing of completion of that audit, the challenges associated with the Coronavirus, along with IT conversions, etc., during 2020, Management was not able to formally address all of these recommendations. For these reasons we are including them again as continuing comments from the June 30, 2020 audit.

- **IT Conversion Process**

During the year, management made the decision to complete an information technology conversion that would assist with improving the overall financial reporting for the Organization. This conversion was also critical as it will assist management with being able to run reports for grant funding purposes more efficiently and effectively. As is the case in any IT conversion this resulted in a significant time commitment from management and in the short run created challenges in performing the normal day-to-day reconciliation and reporting that would normally have taken place.

We commend management for taking on this task and recommend continuing to work through the "bugs" associated with a new system implementation. Based on the information provided to CLA during the audit process, this transition was a very good decision and should provide the Organization with long-term and sustained reporting improvements.

- **Journal entry review and approval**

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

We recommend continuing to evaluate the value of a more formalized journal entry and account reconciliation review process that would be performed as part of the month-end and year-end financial statement closing process. In discussions with management as part of the audit process, management has indicated that during the software reimplementation process, they have added a review function for all journal entries. This review process will take place for all FY 2021 journal entries.

- **Allowance model**

During our audit work performed on accounts receivable, we noted that a formal review of percentages use to estimate contractual allowances and bad debt is not being performed on a regular basis. Given the significance of this estimate and potential impact on the entity's consolidated financial statement we recommend conducting an internal assessment of the accuracy of the allowance percentages being used. The best way to do this is by generating "look-back" reports that identify payment percentages by payer that can be compared to the internal estimating process. CLA would recommend performing this "look-back" process at least annually and more frequently if there are significant changes, such as price increases, significant growth in patient volumes, or identification of increased bad debts, etc.

- **Accounts receivable and accounts receivable reports**

During the audit, we noted the Organization continues to record patient medical and dental accounts receivable only at the end of the fiscal year, and during the remaining months recognizes revenue on a cash basis. The Organization is continuing to evolve through the learning process of billing third-party payers and patients for these services, along with gaining insights and knowledge around the software platform eCW.

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

- **Unreconciled suspended credit balances**

During the audit we noted when patient dental accounts deemed to be uncollectable are written off, any unapplied credits are not being offset against the amounts written off. We recommend considering credit balances in outstanding patient accounts to determine if a right to offset the outstanding receivables balance is possible.

- **Fixed asset listing**

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

- **Time and Effort Reporting**

A standardized time and effort process was implemented late in the year after the June 30, 2019 audit was complete (the audit was delayed in fiscal year 2019 and issued approximately nine months after year-end). A finding over time and effort was reported in the fiscal year 2019 audit. Due to the timing of the audit issuance, and the COVID-19 pandemic, management was delayed in implementation of the system but did provide time and effort for all employees requested. We have some recommendations to improve and standardize the process.

- We recommend that a twice yearly process is implemented to ensure timely reporting by employees, in January and July of each year.
- We recommend that a reconciliation is completed to billings and corrected as needed on a timely basis. Some issues were noted as findings for the reconciliation issues.
- Management should ensure that standard forms are used that document 100% of an employee's time (time and effort certifications were performed separately for certain grants, and should be on one comprehensive certification) which would make this reconciliation process simpler.
- There were some instances with time and effort used for matching where some forms were not dated, so we recommend a standard form be created that properly documents 100% of time, signatures, and dating.

- **Suspension and Debarment**

During the single audit, we tested an equipment purchase from a vendor for suspension and debarment compliance. Management was not able to provide documentation that the suspension and debarment check was completed prior to entering into the contract with the vendor, although upon a check the vendor was not suspended or debarred. We recommend management retain clear documentation that the check was completed, such as a contract checklist that is signed and dated when complete.

- **eCW Reporting Limitations**

During the testing of the sliding fee adjustments, the eCW system was unable to run a report showing only sliding fee adjustments. All individuals who had income entered into the system were shown on the report. We recommend that CrescentCare work with eCW on the reporting in order to have the ability to run a report where they can perform internal reviews and audits on sliding fee adjustments.

- **Sliding Fee Process**

In our detailed sliding fee testing, there were a few instances noted where either the sliding fee discount application did not contain a review signature from CrescentCare, the information did not agree with what had been input in the system, or there was a previous form on file that had not been extended to cover the patient's date of service. Based on the information on file, none of these situations would calculate a different slide adjustment. We recommend that CrescentCare performs internal reviews and audits of the sliding fee adjustments to ensure the slide adjustments are calculating correctly.

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



**CliftonLarsonAllen LLP**

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