

NO/AIDS Task Force doing business as CrescentCare

Consolidated Financial Statements and
Independent Auditors' Reports

June 30, 2023 and 2022



NO/Aids Task Force
doing business as CrescentCare
Table of Contents

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1-3
<i>CONSOLIDATED FINANCIAL STATEMENTS:</i>	
Consolidated statements of financial position	4
Consolidated statements of operations and changes in net assets	5-6
Consolidated statements of cash flows	7-8
Notes to consolidated financial statements	9-28
<i>SUPPLEMENTAL INFORMATION:</i>	
Consolidating statements of financial position	29-30
Consolidating statements of operations and changes in net assets	31-32
Schedule of compensation, benefits, and other payments to chief executive officer	33
<i>SINGLE AUDIT:</i>	
AUDITORS' SECTION:	
<i>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</i>	34-35
<i>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</i>	36-38
Schedule of audit findings and questioned costs	39-41
AUDITEE'S SECTION:	
Schedule of expenditures of federal awards	42-43
Notes to the schedule of expenditures of federal awards	44
Corrective action plan	45
Summary schedule of prior audit findings	46



INDEPENDENT AUDITORS' REPORT

Board of Trustees
NO/AIDS Task Force
doing business as CrescentCare
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NO/AIDS Task Force doing business as CrescentCare (the Organization), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Lease Standards

As discussed in Note 1 to the financial statements, in 2023 the Organization adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information shown on pages 29 through 33, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of these consolidated financial statements. 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 these 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 20, 2023, on our consideration of the Organization'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 for the year ended June 30, 2023. We issued a similar report for the year ended June 30, 2022, dated December 19, 2022, which has not been included with the 2023 financial compliance report. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

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Spokane Valley, Washington
December 20, 2023

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Financial Position
June 30, 2023 and 2022

ASSETS	2023	2022
<i>Current assets</i>		
Cash and cash equivalents	\$ 11,287,594	\$ 9,103,529
Receivables:		
Patient accounts	1,337,198	1,516,192
Grants	5,822,436	5,971,657
340B pharmacy	2,766,120	3,737,016
Prepaid expenses and other	122,341	407,615
Investments	4,658,399	7,615,037
Total current assets	25,994,088	28,351,046
<i>Assets limited as to use</i>		
Held by trustee for construction fund	11,890,978	-
Held by trustee for reserve fund	592,529	69,064
Total assets limited as to use	12,483,507	69,064
<i>Noncurrent assets</i>		
Investment in Housing Partnership	400,107	400,107
Receivable for 2515 Canal St. Project	14,013,000	-
Receivable for 1631 Elysian Fields Project	14,027,240	14,027,240
Property, buildings, and equipment, net	22,928,232	20,757,988
Total noncurrent assets	51,368,579	35,185,335
Total assets	\$ 89,846,174	\$ 63,605,445
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 3,481,540	\$ 5,074,962
Construction accounts payable	1,673,281	-
Accrued compensation and related liabilities	1,779,154	1,670,839
Current maturities of long-term debt	3,040,880	218,245
Line of credit	-	3,251,209
Accrued interest	36,617	38,758
Total current liabilities	10,011,472	10,254,013
<i>Noncurrent liabilities</i>		
Long-term debt, less current portion	54,257,359	28,779,729
Total liabilities	64,268,831	39,033,742
<i>Net assets without donor restrictions</i>		
Controlling interest	25,045,974	24,571,703
Non-controlling interest	531,369	-
Total net assets without donor restrictions	25,577,343	24,571,703
Total liabilities and net assets	\$ 89,846,174	\$ 63,605,445

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023	2022
<i>Operating revenues</i>		
Patient service revenue	\$ 4,991,406	\$ 4,772,105
Grants	21,264,760	21,178,946
340B pharmacy	37,971,349	34,331,268
Investment return, net	727,181	(828,143)
Other	702,377	1,094,730
Total operating revenues	65,657,073	60,548,906
<i>Operating expenses</i>		
Salaries and wages	17,121,270	16,254,380
Payroll taxes and benefits	4,897,377	5,069,128
Professional fees	1,030,715	1,030,607
Medications	22,053,016	19,153,183
340B administration fees	6,048,223	5,585,257
Supplies	1,019,312	1,037,218
Contract medical providers	492,228	404,640
Dental referrals	568,983	411,980
Depreciation	1,755,789	1,912,123
Occupancy	609,957	581,171
Client assistance	4,311,969	4,311,856
Lab tests	254,303	243,231
Professional development and support	230,436	160,276
Property and operations	1,045,010	851,978
Insurance	254,506	228,452
Software, technology, and phones	1,689,154	1,409,442
Interest	977,119	751,002
Advertising and outreach	118,055	145,249
Other	429,889	321,162
Total operating expenses	64,907,311	59,862,335
<i>Operating income</i>	749,762	686,571
<i>Loss on disposal of equipment</i>	(275,491)	-
<i>Change in net assets without donor restrictions</i>	474,271	686,571
Net assets without donor restrictions, beginning of year	24,571,703	23,885,132
<i>Member capital contributions - non-controlling interest</i>	531,369	-
Net assets without donor restrictions, end of year	\$ 25,577,343	\$ 24,571,703

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of net assets:		
Controlling interest:		
Net assets, beginning of year	\$ 24,571,703	\$ 23,885,132
Change in net assets	474,271	686,571
Total controlling interest	25,045,974	24,571,703
Non-controlling interest:		
Beginning of year	-	-
Member capital contributions	531,369	-
Total non-controlling interest	531,369	-
Net assets, end of year	\$ 25,577,343	\$ 24,571,703

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from patient services	\$ 5,170,400	\$ 4,686,090
Cash received from grants	21,413,981	21,195,520
Cash received from 340B pharmacy	38,942,245	33,701,429
Cash received from investment return	471,074	255,023
Cash received from other revenue	518,488	988,638
Cash paid to or on behalf of employees	(21,910,332)	(21,267,471)
Cash paid for supplies and other expenses	(41,282,156)	(33,608,652)
Cash paid for interest	(716,702)	(725,249)
Net cash from operating activities	2,606,998	5,225,328
<i>Cash flows from financing activities</i>		
Proceeds from issuance of long-term debt, net of financing costs	28,203,709	9,094,116
Principal payments on long-term debt	(234,291)	(9,535,524)
Cash payments on line of credit	(3,251,209)	-
Cash advance on line of credit	-	3,251,209
Cash received from members capital contributions	531,369	-
Net cash from financing activities	25,249,578	2,809,801
<i>Cash flows from investing activities</i>		
Proceeds from sale of investments	8,938,893	-
Purchase of notes receivable	(14,013,000)	-
Purchase of investments	(5,726,148)	(2,100,428)
Cash paid for property, buildings, and equipment	(2,457,813)	(3,773,330)
Net cash from investing activities	(13,258,068)	(5,873,758)
Net increase in cash and cash equivalents	14,598,508	2,161,371
Cash and cash equivalents, beginning of year	9,172,593	7,011,222
Cash and cash equivalents, end of year	\$ 23,771,101	\$ 9,172,593

***Reconciliation of Cash and Cash Equivalents to the
Statements of Financial Position***

Cash and cash equivalents	\$ 11,287,594	\$ 9,103,529
Cash and cash equivalents held by trustee for construction fund	11,890,978	-
Cash and cash equivalents held by trustee for reserve fund	592,529	69,064
Total cash and cash equivalents	\$ 23,771,101	\$ 9,172,593

See accompanying notes to consolidated financial statements.

NO/AIDS Task Force
doing business as CrescentCare
Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
<i>Reconciliation of Change in Net Assets Without Donor Restrictions to Net Cash From Operating Activities</i>		
Change in net assets without donor restrictions	\$ 474,271	\$ 686,571
<i>Adjustments to reconcile change in net assets without donor restrictions to net cash from operating activities</i>		
Depreciation	1,755,789	1,912,123
Amortization of debt issuance costs	260,417	25,753
Unrealized loss (gain) on investments	(256,107)	1,083,166
Loss on disposal of equipment	275,491	-
(Increase) decrease in assets:		
Patient accounts receivable	178,994	(86,015)
Grants receivable	149,221	16,574
340B pharmacy receivable	970,896	(629,839)
Prepaid expenses and other	285,274	223,505
Increase (decrease) in liabilities:		
Accounts payable	(1,595,563)	1,937,453
Accrued compensation and related liabilities	108,315	56,037
Net cash from operating activities	\$ 2,606,998	\$ 5,225,328

See accompanying notes to consolidated financial statements.

**NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements
Years Ended June 30, 2023 and 2022**

1. Organization and Summary of Significant Accounting Policies:

a. Organization

NO/AIDS Task Force doing business as CrescentCare (CrescentCare or the Organization) is a nonprofit organization. The Organization 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 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. The Organization's mission is strengthening the entire community through whole-person healthcare and education. The Organization's vision is a community without barriers to care, where all people have the power to be healthy and whole.

CrescentCare's values are inclusivity: it provides compassionate care for all, regardless of race and ethnicity, sexual orientation, gender identity, HIV status, housing and immigration status, income, language, cultural identity, and disability; representation: it reflects the communities served; and dignity: it honors the lived experience of clients and staff.

Related Organizations:

CrescentCare Holdings, Inc. – CrescentCare Holdings, Inc. (Holdings) was formed in April 2017 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, Louisiana. Financing for the facility was made possible using the New Markets Tax Credit program. Holdings is 100 percent owned by CrescentCare.

CrescentCare MidCity, LLC – CrescentCare MidCity, LLC (MidCity) was formed in June 2022 as a Louisiana limited liability company to own, rehabilitate, and finance the rehabilitation of property at 2515 Canal Street in New Orleans, Louisiana. Financing the rehabilitation is made possible using the New Market Tax Credit program and Federal and State Historic Tax Credit programs. The property is a certified historic structure that is eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Internal Revenue Code and must continue to be operated in a manner that qualifies for Federal Historic Tax Credits and State Historic Tax Credits through the end of the Historic Tax Credit periods. MidCity is 10 percent owned by CCMC Master Tenant, LLC and 90 percent owned by CCMC Managing Member, LLC.

CCMC Master Tenant, LLC – CCMC Master Tenant, LLC (Master Tenant) was formed in November 2022 as a Louisiana limited liability company organized as a Special Purpose Entity solely to acquire the leasehold interest in the Property and the Equipment owned by MidCity in order to sublease the property to CrescentCare and obtain long-term appreciation, cash income, and return of capital for the Members. Master Tenant is 1 percent owned by CCMC Managing Member, LLC and 99 percent owned by Chase Community Equity, LLC, the historic tax credit investor.

CCMC Managing Member, LLC – CCMC Managing Member, LLC (Managing Member) was formed in November 2022 as a Louisiana limited liability company to act as the managing member in the MidCity and Master Tenant companies and fulfill all duties and obligations in such capacity as required by the respective operating agreements of the companies. Managing Member is 100 percent owned by CrescentCare.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies (continued):

a. Organization (continued)

The Organization'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.

Prevention staff provides HIV, HCV, 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 and treatment. 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.

Primary medical care – CrescentCare operates two clinics which provide comprehensive medical care. Clinic 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. In calendar year 2022, CrescentCare performed 33,574 total visits for 11,491 medical patients.

Dental – CrescentCare offers comprehensive dental services. In calendar year 2022, CrescentCare performed 1,478 dental visits for 349 patients.

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 calendar year 2022, CrescentCare performed 11,307 visits for 1,906 patients.

Clinic support – CrescentCare's Clinic Support assists medical professionals in a clinical setting, which includes setting patient appointments, collecting patient data and insurance information, gathering data for analysis and research, and providing any additional support required by clinics. CrescentCare also assists with insurance (and medical) co-payments for qualified individuals. Staff assist eligible clients in enrolling in pharmaceutical medication assistance programs for access to free or low-cost medications.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies (continued):

a. Organization (continued)

Food for Friends – CrescentCare operates its Food for Friends program which serves home-delivered meals to patients and provides a food pantry. CrescentCare works with a contractor to provide meals to HIV clients who 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.

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 housing, 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.

340B pharmacy – 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.

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. Practice areas include personal and estate planning, simple successions, securing public benefits, protection of privacy, discrimination, consumer protection defense, and free notarial services.

b. Summary of Significant Accounting Policies

Basis of presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Organization is required to report information regarding its financial position and operations according to two classes of net assets: with donor restrictions and without donor restrictions.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Principles of consolidation – The consolidated financial statements include the financial statements of CrescentCare and the related organizations. All material intercompany transactions and accounts have been eliminated in the consolidated financial statements.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid investments with an original maturity of three months or less.

Property, buildings, and equipment – Property, buildings, and equipment are recorded at cost. The Organization 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, 2023 and 2022.

Depreciation has been computed on the straight-line method over the following estimated useful service lives:

Buildings and improvements	2 to 40 years
Furniture and equipment	3 to 10 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
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Investments and related returns – 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. 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, including related expenses, are reported as investment return, net in the accompanying consolidated statements of operations and changes in net assets.

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 Low-Income Housing Tax Credit (LIHTC) 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 percent interest in the Investee is being accounted for as an equity method investment, whereby CrescentCare recognizes 21 percent of the Investee’s change in net assets in the accompanying consolidated statements of operations and changes in net assets, and the investment balance itself reflects 21 percent 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 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 2023, CrescentCare did not make any changes to investment in subsidiary.

Contributions – Contributions received are reflected as net assets with or without donor restrictions, depending on the existence and/or nature of the donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. As of June 30, 2023 and 2022, the Organization’s net assets with donor restrictions were not material to the consolidated financial statements.

Federal income tax – CrescentCare and Holdings are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2023 and 2022, the Organization had no uncertain tax positions requiring accrual.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

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 financial position. Amortization of deferred financing costs is included in interest expense in the consolidated financial statements.

Assets limited as to use – Assets limited as to use include cash deposits held by trustees in construction funds and reserve funds relating to long-term debt.

Upcoming accounting pronouncement – Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

Change in accounting principles – In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization adopted FASB Topic 842, *Leases*, with July 1, 2022, as the date of initial adoption. The Organization elected the transition option to apply the new guidance as of that effective date without adjusting comparative periods presented. The Organization also elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. The accounting for finance leases remained substantially unchanged. The adoption had no material impact on the consolidated statement of financial position or the consolidated statement of operations and changes in net assets.

Performance indicator – The consolidated statements of operations and changes in net assets include a performance indicator as required by U.S. generally accepted accounting principles. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include restricted grants and contributions, unrealized gains and losses on other than trading debt securities, the releases of restrictions for capital items, and gains and losses on disposal of equipment.

Subsequent events – Subsequent events have been reviewed through December 20, 2023, the date on which the consolidated financial statements were available to be issued.

Reclassifications – Certain amounts have been reclassified in the 2022 consolidated financial statements in order to be consistent with the 2023 consolidated financial statements presentation. Those reclassifications had no effect on the previously reported change in net assets without donor restrictions.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

2. Liquidity and Availability of Financial Assets:

The Organization's financial assets available within one year of the consolidated statements of financial position to meet cash needs for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	\$ 11,287,594	\$ 9,103,529
Patient accounts receivable	1,337,198	1,516,192
Grants receivable	5,822,436	5,971,657
340B pharmacy receivables	2,766,120	3,737,016
Investments	4,658,399	7,615,037
Financial assets available to meet cash needs for general expenditures within one year	\$ 25,871,747	\$ 27,943,431

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statements of financial position. As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a line of credit which it may draw upon; see Note 10.

3. Patient Accounts Receivable:

Patient accounts receivable reported as current assets by the Organization consisted of these amounts:

	2023	2022
Receivables from Medicare	\$ 182,469	\$ 172,437
Receivables from Medicaid	667,891	844,527
Receivables from patients and their insurance carriers	486,838	499,228
Total patient accounts receivable	\$ 1,337,198	\$ 1,516,192

4. Contract Balances:

Opening and closing balances of contract receivables were as follows:

	2023	2022	2021
Patient accounts	\$ 1,337,198	\$ 1,516,192	\$ 1,430,177
340B pharmacy	2,766,120	3,737,016	3,107,177
Receivable for 2515 Canal St. Project	14,013,000	-	-
Receivable for 1631 Elysian Fields Project	14,027,240	14,027,240	14,027,240
Total contract receivables	\$ 32,143,558	\$ 19,280,448	\$ 18,564,594

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

5. Investments:

The Organization's investments in marketable securities are stated at fair value and consisted of the following balances:

	2023				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Two	Two to Five	Five to Ten
Money market	\$ 259,986	\$ 259,986	\$ -	\$ -	\$ -
Certificates of deposit	2,235,973	2,235,973	-	-	-
Domestic equities	1,040,511	1,040,511	-	-	-
International equities	310,762	310,762	-	-	-
Mutual funds					
Equity funds	811,167	811,167	-	-	-
	\$ 4,658,399	\$ 4,658,399	\$ -	\$ -	\$ -
	2022				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Two	Two to Five	Five to Ten
Money market	\$ 185,254	\$ 185,254	\$ -	\$ -	\$ -
Domestic equities	882,788	882,788	-	-	-
International equities	454,036	454,036	-	-	-
Mutual funds					
Bond funds	5,418,871	5,418,871	-	-	-
Equity funds	674,088	674,088	-	-	-
	\$ 7,615,037	\$ 7,615,037	\$ -	\$ -	\$ -

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

6. Fair Value Measurements:

The three levels of the fair value hierarchy are described as follows:

- **Level 1:** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- **Level 2:** Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
- **Level 3:** Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Investments in marketable securities are stated at fair value, which is determined by using market quotations and other information available at the valuation date.

The following tables disclose, by level within the fair value hierarchy, the Organization's assets and liabilities measured and reported on the consolidated statements of financial position at fair value on a recurring basis as of the following dates:

	2023			
	Level 1	Level 2	Level 3	Total
Money market	\$ 259,986	\$ -	\$ -	\$ 259,986
Certificates of deposit	2,235,973	-	-	2,235,973
Domestic equities	1,040,511	-	-	1,040,511
International equities	310,762	-	-	310,762
Mutual funds				
Equity funds	811,167	-	-	811,167
	\$ 4,658,399	\$ -	\$ -	\$ 4,658,399

	2022			
	Level 1	Level 2	Level 3	Total
Money market	\$ 185,254	\$ -	\$ -	\$ 185,254
Domestic equities	882,788	-	-	882,788
International equities	454,036	-	-	454,036
Mutual funds				
Bond funds	5,418,871	-	-	5,418,871
Equity funds	674,088	-	-	674,088
	\$ 7,615,037	\$ -	\$ -	\$ 7,615,037

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

7. Property, Buildings, and Equipment:

A summary of property, buildings, and equipment is as follows:

	2023	2022
Land	\$ 1,987,538	\$ 1,967,538
Buildings and improvements	17,946,753	20,330,241
Furniture and equipment	3,516,752	3,463,213
	23,451,043	25,760,992
Less accumulated depreciation	7,266,485	8,181,720
Construction in progress	6,743,674	3,178,716
Property, buildings, and equipment, net	\$ 22,928,232	\$ 20,757,988

Construction in progress at June 30, 2023, consisted primarily of costs to acquire, renovate, and rehabilitate a building purchased to be used for future program expansion. This project is expected to be completed by April 2024 and is estimated to have additional costs of approximately \$16,000,000, which is being financed using New Market Tax Credit program loans. Construction in progress at June 30, 2023, includes capitalized interest of approximately \$137,000.

8. Patient Service Revenue:

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

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the clinic receiving medical, dental, or behavioral health services. The Organization measures the performance obligation from the commencement of a service, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients and customers in a retail setting (for example, pharmaceuticals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

8. Patient Service Revenue (continued):

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – Services rendered to Medicare program beneficiaries are paid at federally qualified health organizations prospectively determined rates.
- **Medicaid** – Services rendered to Medicaid program beneficiaries are paid at a prospectively determined rate.
- **Other** – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per encounter, and discounts from established charges.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2023 or 2022.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

8. Patient Service Revenue (continued):

The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and explicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided explicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The explicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

Explicit price concessions provided to patients who are financially unable to pay for the healthcare services they received were approximately \$710,000 and \$440,000 for the years ended June 30, 2023 and 2022, respectively. The Organization determines the costs associated with providing this care by aggregating direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on its costing system. The costs for providing healthcare to patients who are financially unable to pay for the healthcare services they receive were approximately \$829,000 and \$692,000 for the years ended June 30, 2023 and 2022, respectively.

Implicit price concessions provided to patients other than those unable to pay for the healthcare services they received were approximately \$311,000 and \$351,000 for the years ended June 30, 2023 and 2022, respectively.

Patients who meet the Organization's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, methods of reimbursement, and timing of when revenue is recognized.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

8. Patient Service Revenue (continued):

The composition of patient service revenue by primary payor is as follows:

	2023	2022
Medicare	\$ 575,382	\$ 437,318
Medicaid	2,430,933	3,201,628
Other third-party payors	752,770	825,329
Patients	1,232,321	307,830
Patient service revenue	\$ 4,991,406	\$ 4,772,105

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor.

The composition of patient care service revenue and 340B pharmacy revenue based on the timing of revenue recognition follows:

	2023	2022
Timing of revenue and recognition:		
Healthcare services transferred over time	\$ 4,991,406	\$ 4,772,105
340B pharmacy sales at a point in time	37,971,349	34,331,268
	\$ 42,962,755	\$ 39,103,373

9. New Market Tax Credit Program:

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 percent of the investment, and investors receive the tax credit over a seven-year NMTC compliance 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
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

9. New Market Tax Credit Program (continued):

Receivable for 1631 Elysian Fields Project:

As part of the 1631 Elysian Fields Project, CrescentCare loaned approximately \$14,000,000 to Chase NMTC CrescentCare Investment Fund (Chase NMCT) (not related to CrescentCare or related organizations). Chase NMCT used the loan proceeds (and other funding) to make equity investments in CNMC SUB-CDE 151, PCDC Health Opportunities Fund XVII LLC, and Hope New Markets 7, LLC, which in turn loaned funds to Holdings. The loan to Chase NMTC has been recorded as a receivable for 1631 Elysian Fields Project in the accompanying consolidated statements of financial position.

Receivable for 2515 Canal St. Project:

As part of the 2515 Canal St. Project, CrescentCare loaned approximately \$14,000,000 to COCRF Investor 244, LLC (not related to CrescentCare or related organizations). COCRF Investor 244, LLC used the loan proceeds (and other funding) to make equity investments in COCRF SubCDE 126, LLC, GCHP-NMTC-2020 Number 2, LLC, and Hope New Markets 21, LLC, which in turn loaned funds to MidCity, see Note 11. The loan to COCRF Investor 224, LLC has been recorded as a receivable for 2515 Canal St. Project in the accompanying consolidated statements of financial position.

10. Line of Credit:

CrescentCare has a secured line of credit with its investment brokerage institution. The secured line of credit has a maximum borrowing of up to \$5,200,000 and \$3,930,000 as of June 30, 2023 and 2022, respectively, and is secured by CrescentCare's investments portfolio. For the years ended June 30, 2023 and 2022, the secured line of credit had a balance of \$-0- and \$3,251,209 and carried an interest rate of 6.66 percent and 3.30 percent, respectively.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

11. Long-term Debt:

A summary of long-term debt follows:

	2023	2022
CNMC SUB-CDE 151 note payable, 1.0% interest only due quarterly until June 2024. Quarterly payments of \$36,546, including interest of 1.0% begin September 2024 and continue through June 2047.	\$ 3,000,000	\$ 3,000,000
PCDC Health Opportunities Fund XVII LLC note payable, 1.0% interest only due quarterly until June 2024. Quarterly payments of \$118,159, including interest of 1.0% begin September 2024 and continue through June 2047.	9,700,000	9,700,000
Hope New Markets 7, LLC note payable, 1.0% interest only due quarterly until June 2024. Quarterly payments of \$91,527, including interest of 1.0% begin September 2024 and continue through June 2047.	7,760,000	7,760,000
National Cooperative Bank, N.A. note payable, due in monthly installments of \$53,530, including interest of 4.94%, with a balloon payment of \$6,895,330 due in January 2032.	8,945,299	9,134,430
Hope Federal Credit Union note payable, 6.0% interest only due monthly until December 2023. Monthly payments of \$23,982, including interest of 6.0% beginning January 2024 with a balloon payment of \$3,656,756 plus accrued interest due in December 2029.	4,000,000	-
Hope Federal Credit Union note payable, 5.0% interest only due monthly until February 2024. Balloon payment of \$2,926,591, plus accrued interest due in March 2024.	2,926,591	-
Enterprise Community Loan Fund, Inc. note payable, 4.4% interest only due monthly until December 2023. Monthly payments of \$12,348, including interest of 4.4% beginning January 2024 with a balloon payment of \$2,153,939 plus accrued interest due in December 2029.	2,500,000	-
Erich and Hannah Sachs Foundation note payable, 4.5% interest only due semi-annually with a balloon payment of \$1,000,000 due in December 2025.	1,000,000	-
Gulf Coast Housing Partnership, Inc. note payable, 0.0% interest due in annual payments of \$100. Balloon payment of the remaining principal is due at maturity. The original maturity date of January 2053 automatically extends every five years as long as no default has occurred.	800,000	-
Hope New Markets 21, LLC note payable, 1.5% interest only due quarterly until September 2029. Balloon payment of \$4,000,000, plus accrued interest due in December 2029.	4,000,000	-
Hope New Markets 21, LLC note payable, 1.5% interest only due quarterly until December 2029. Quarterly payments of \$23,022, including interest of 1.5% begin March 2030 and continue through December 2052.	1,820,000	-
GCHP-NMTC-2020 Number 2, LLC note payable, 1.5% interest only due quarterly until September 2029. Balloon payment of \$1,612,184, plus accrued interest due in December 2029.	1,612,184	-
GCHP-NMTC-2020 Number 2, LLC note payable, 1.5% interest only due quarterly until December 2029. Quarterly payments of \$91,623, including interest of 1.5% begin March 2030 and continue through December 2052.	7,117,816	-
COCRF SubCDE 126, LLC note payable, 1.0% interest only due quarterly until September 2029. Balloon payment of \$887,816, plus accrued interest due in December 2029.	887,816	-
COCRF SubCDE 126, LLC note payable, 1.0% interest only due quarterly until December 2029. Quarterly payments of \$50,091, including interest of 1.0% begin March 2030 and continue through December 2052.	4,112,184	-
Finance lease obligations to various payors for equipment, payable in monthly installments ranging from \$473 to \$6,534 including interest of 2.3%-5%.	62,822	37,552
Deferred finance costs	(2,946,473)	(634,008)
	57,298,239	28,997,974
<i>Less current maturities</i>	3,040,880	218,245
Total long-term debt	\$ 54,257,359	\$ 28,779,729

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

11. Long-term Debt (continued):

During the year ended June 30, 2018, CrescentCare obtained a loan totaling \$10,000,000 from Primary Care Development Corporation. This loan was used to partially finance the loan made to Chase NMTC as part of the 1631 Elysian Fields Project, as described in Note 9. During December 2021, CrescentCare refinanced the outstanding principal with National Cooperative Bank, N.A. The new loan matures in January 2032 and carries a 4.94 percent interest rate.

In January 2023, CrescentCare obtained loans of \$6,929,591 from Hope Federal Credit Union, \$2,500,000 from Enterprise Community Loan Fund, Inc., \$1,000,000 from the Erich and Hannah Sachs Foundations and \$800,000 from Gulf Coast Housing Partnership, Inc. These loans were used to partially finance the loan made to COCRF Investor 244, LLC as part of the 2515 Canal St. Project, as described in Note 9. CrescentCare has entered into an agreement to sell all state historic tax credits earned from the rehabilitation of the 2515 Canal St. Project. Proceeds from the sale will be applied directly to the balloon payment of \$2,926,591 due in March 2024.

As explained in Note 9, Holdings and MidCity participate in the NMTC program. Under the program, Holdings 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 percent, and the loans mature in June 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. The Agreements were structured as 30-year debt financing with a seven-year NMTC compliance period. At the end of the seven-year compliance period, CrescentCare will have the option to acquire all membership rights of the investment fund and forgive the related debt.

Through the NMTC program, MidCity has obtained loans of \$5,000,000, \$8,730,000, and \$5,820,000 payable to certified community development entities (CDE) (the Loans). Quarterly payments of interest are required for the first seven years with balloon payments totaling \$6,500,000 plus accrued interest due in December 2029. Principal and interest payments on the remaining \$13,050,000 begin in March 2030 and will be due in quarterly installments through the maturity dates. The Loans have stated interest rates from 1 percent to 1.5 percent and mature in December 2052. These loans are secured by the property and equipment and other assets of MidCity and CrescentCare and are also subject to certain financial and other covenants as specified under the agreements. The agreements were structured as 30-year debt financing with a seven-year NMTC compliance period. At the end of the seven-year compliance period, CrescentCare will have the option to acquire all membership rights of the investment fund and forgive the remaining debt.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

11. Long-term Debt (continued):

Future maturities of long-term debt are:

Years Ending	June 30,	Total
		\$
2024		3,040,880
2025		2,120,678
2026		1,127,374
2027		1,145,067
2028		1,169,265
Thereafter		51,641,448
		60,244,712
Deferred financing costs		(2,946,473)
		\$ 57,298,239

12. Retirement Plan:

CrescentCare offers a defined contribution 401(k) plan (the Plan) to its employees. Eligibility into the Plan is allowed after a six-month waiting period, with entry dates of January 1 and July 1 of each year. CrescentCare makes a qualified matching contribution and a non-elective profit-sharing contribution for eligible employees. The Organization matching contribution was 100 percent of the first 1 percent of compensation that an employee defers plus 50 percent of the next 5 percent for the years ended June 30, 2023 and 2022. The non-elective profit-sharing contribution was 1.5 percent of compensation for eligible employees for 2023 and 2022. Contributions to the Plan were approximately \$625,000 and \$633,000 for the years ended June 30, 2023 and 2022, respectively.

13. Commitments and Contingencies:

Medical malpractice claims – The Organization receives professional liability insurance under the Federal Tort Claims Act at no cost through the Department of Health and Human Services. The term of the coverage is by project period and all claims, if any, are 100 percent covered. The policy provides protection on an “occurrence” basis, whereby only malpractice claims that occur during the period that the insurance is in effect are covered. No liability has been accrued for future coverage for acts occurring in this year. In addition, CrescentCare maintains supplemental gap insurance for professional liability.

Litigation, claims, and disputes – The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Organization.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

13. Commitments and Contingencies (continued):

Conditional grants and contracts – At June 30, 2023, the Organization had remaining available award balances on federal conditional grants and contracts for sponsored projects of approximately \$9,300,000. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

14. Concentration of Risk:

Grants – 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.

Grants and government support represented approximately 32 percent and 35 percent of CrescentCare’s total support and revenue for fiscal 2023 and 2022, respectively.

Cash and cash equivalents – 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.

Patient accounts receivable – The Organization grants credit without collateral to its patients, most of whom are local residents. The majority of these patients are geographically concentrated in and around New Orleans, Louisiana.

The mix of patient receivables was as follows:

	2023	2022
Medicare	19 %	11 %
Medicaid	43	39
Other third-party payors	26	27
Patients	12	23
	100 %	100 %

15. Functional 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 operations and changes in net assets. Accordingly, 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.

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

15. Functional Expenses (continued):

Expenses related to providing these services were as follows for the year ended June 30, 2023:

	Supporting Services			Total Expenses
	Program Total	Management and General	Fundraising	
Salaries and wages	\$ 14,282,811	\$ 2,828,623	\$ 9,836	\$ 17,121,270
Payroll taxes and benefits	4,092,670	799,332	5,375	4,897,377
Professional fees	629,790	400,062	863	1,030,715
Medications	22,053,016	-	-	22,053,016
340B administration fees	6,048,223	-	-	6,048,223
Supplies	1,003,232	16,056	24	1,019,312
Contract medical providers	492,228	-	-	492,228
Dental referrals	568,983	-	-	568,983
Depreciation	1,468,003	285,481	2,305	1,755,789
Occupancy	534,477	73,512	1,968	609,957
Client assistance	4,310,148	1,821	-	4,311,969
Lab tests	254,303	-	-	254,303
Professional development and support	131,564	98,817	55	230,436
Property and operations	872,924	169,266	2,820	1,045,010
Insurance	218,663	35,063	780	254,506
Software, technology, and phones	1,297,942	388,208	3,004	1,689,154
Interest	815,127	161,431	561	977,119
Advertising and outreach	85,855	12,307	19,893	118,055
Other	132,785	293,013	4,091	429,889
Total expenses	\$ 59,292,744	\$ 5,562,992	\$ 51,575	\$ 64,907,311

NO/AIDS Task Force
doing business as CrescentCare
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2023 and 2022

15. Functional Expenses (continued):

Expenses related to providing these services were as follows for the year ended June 30, 2022:

	Supporting Services			Total Expenses
	Program Total	Management and General	Fundraising	
Salaries and wages	\$ 13,532,912	\$ 2,647,807	\$ 73,661	\$ 16,254,380
Payroll taxes and benefits	4,247,886	796,485	24,757	5,069,128
Professional fees	342,494	688,016	97	1,030,607
Medications	19,153,183	-	-	19,153,183
340B administration fees	5,585,257	-	-	5,585,257
Supplies	1,028,805	8,153	260	1,037,218
Contract medical providers	404,640	-	-	404,640
Dental referrals	411,980	-	-	411,980
Depreciation	1,611,813	292,434	7,876	1,912,123
Occupancy	466,742	112,500	1,929	581,171
Client assistance	4,311,856	-	-	4,311,856
Lab tests	243,231	-	-	243,231
Professional development and support	116,930	42,629	717	160,276
Property and operations	677,768	172,073	2,137	851,978
Insurance	194,431	33,183	838	228,452
Software, technology, and phones	923,081	482,183	4,178	1,409,442
Interest	625,279	122,320	3,403	751,002
Advertising and outreach	103,777	5,335	36,137	145,249
Other	83,118	230,332	7,712	321,162
Total expenses	\$ 54,065,183	\$ 5,633,450	\$ 163,702	\$ 59,862,335

16. Related-party Transactions:

CrescentCare and Holdings entered into a rental agreement in which CrescentCare rents a 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, then to \$1,076,625 per year from January 1, 2025 through December 31, 2046, and decreasing to \$628,031 for the year ending December 31, 2047. The operating lease results in an estimated ROU asset and an intercompany lease liability of \$22,173,000 at June 30, 2023. The operating lease ROU asset and liability are eliminated on the consolidated statements of financial position and the related payments between CrescentCare and Holdings are eliminated on the consolidated statements of operations and changes in net assets.

SUPPLEMENTAL INFORMATION

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Financial Position
June 30, 2023

ASSETS	NO/AIDS Task Force doing business as CrescentCare	CCMC Managing Member, LLC	CCMC Master Tenant, LLC	CrescentCare MidCity, LLC	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
<i>Current assets</i>							
Cash and cash equivalents	\$ 10,510,463	\$ -	\$ 521,369	\$ -	\$ 255,762	\$ -	\$ 11,287,594
Receivables:							
Patient accounts	1,337,198	-	-	-	-	-	1,337,198
Grants	5,822,436	-	-	-	-	-	5,822,436
340B pharmacy	2,766,120	-	-	-	-	-	2,766,120
Intercompany receivables	277,752	-	-	75,000	-	(352,752)	-
Prepaid expenses and other	120,932	-	-	-	1,409	-	122,341
Investments	4,658,399	-	-	-	-	-	4,658,399
Total current assets	25,493,300	-	521,369	75,000	257,171	(352,752)	25,994,088
<i>Assets limited as to use</i>							
Held by trustee for construction fund	-	-	-	11,890,978	-	-	11,890,978
Held by trustee for reserve fund	-	-	-	541,833	50,696	-	592,529
Total assets limited as to use	-	-	-	12,432,811	50,696	-	12,483,507
<i>Noncurrent assets</i>							
Investment in Housing Partnership	400,107	-	-	-	-	-	400,107
Investment in CCMC Managing Member, LLC	73,270	-	-	-	-	(73,270)	-
Investment in CCMC Master Tenant, LLC	-	21,469	-	-	-	(21,469)	-
Investment in CrescentCare MidCity, LLC	-	51,801	31,469	-	-	(83,270)	-
Receivable for 2515 Canal St. Project	14,013,000	-	-	-	-	-	14,013,000
Receivable for 1631 Elysian Fields Project	14,027,240	-	-	-	-	-	14,027,240
Operating lease right of use asset	22,173,331	-	-	-	-	(22,173,331)	-
Property, buildings, and equipment, net	1,403,510	-	-	7,156,126	14,368,596	-	22,928,232
Total noncurrent assets	52,090,458	73,270	31,469	7,156,126	14,368,596	(22,351,340)	51,368,579
Total assets	\$ 77,583,758	\$ 73,270	\$ 552,838	\$ 19,663,937	\$ 14,676,463	\$ (22,704,092)	\$ 89,846,174
LIABILITIES AND NET ASSETS							
<i>Current liabilities</i>							
Accounts payable	\$ 3,481,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,481,540
Construction accounts payable	-	-	-	1,673,281	-	-	1,673,281
Accrued compensation and related liabilities	1,779,154	-	-	-	-	-	1,779,154
Current maturities of long-term debt	3,040,880	-	-	-	-	-	3,040,880
Current maturities of operating lease liabilities	222,702	-	-	-	-	(222,702)	-
Intercompany payables	160,454	-	-	-	192,298	(352,752)	-
Accrued interest	36,617	-	-	-	-	-	36,617
Total current liabilities	8,721,347	-	-	1,673,281	192,298	(575,454)	10,011,472
<i>Noncurrent liabilities</i>							
Long-term debt, less current portion	16,465,291	-	-	17,832,386	19,959,682	-	54,257,359
Operating lease liabilities, less current portion	21,950,629	-	-	-	-	(21,950,629)	-
Total noncurrent liabilities	38,415,920	-	-	17,832,386	19,959,682	(21,950,629)	54,257,359
Total liabilities	47,137,267	-	-	19,505,667	20,151,980	(22,526,083)	64,268,831
<i>Net assets without donor restrictions</i>							
Controlling interest	30,446,491	73,270	21,469	158,270	(5,475,517)	(178,009)	25,045,974
Non-controlling interest	-	-	531,369	-	-	-	531,369
	30,446,491	73,270	552,838	158,270	(5,475,517)	(178,009)	25,577,343
Total liabilities and net assets	\$ 77,583,758	\$ 73,270	\$ 552,838	\$ 19,663,937	\$ 14,676,463	\$ (22,704,092)	\$ 89,846,174

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Financial Position
June 30, 2022

ASSETS	NO/AIDS Task Force doing business as CrescentCare	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
<i>Current assets</i>				
Cash and cash equivalents	\$ 8,900,431	\$ 203,098	\$ -	\$ 9,103,529
Receivables:				
Patient accounts	1,516,192	-	-	1,516,192
Grants	5,971,657	-	-	5,971,657
340B pharmacy	3,737,016	-	-	3,737,016
Prepaid expenses and other	612,868	18,273	(223,526)	407,615
Investments	7,615,037	-	-	7,615,037
Total current assets	28,353,201	221,371	(223,526)	28,351,046
<i>Assets limited as to use</i>				
Held by trustee for reserve fund	-	69,064	-	69,064
<i>Noncurrent assets</i>				
Investment in Housing Partnership	400,107	-	-	400,107
Receivable for 1631 Elysian Fields Project	14,027,240	-	-	14,027,240
Property, buildings, and equipment, net	5,149,920	15,608,068	-	20,757,988
Total noncurrent assets	19,577,267	15,608,068	-	35,185,335
Total assets	\$ 47,930,468	\$ 15,898,503	\$ (223,526)	\$ 63,605,445
LIABILITIES AND NET ASSETS				
<i>Current liabilities</i>				
Accounts payable	\$ 5,091,826	\$ 206,662	\$ (223,526)	\$ 5,074,962
Accrued compensation and related liabilities	1,670,839	-	-	1,670,839
Current maturities of long-term debt	218,245	-	-	218,245
Line of credit	3,251,209	-	-	3,251,209
Accrued interest	38,758	-	-	38,758
Total current liabilities	10,270,877	206,662	(223,526)	10,254,013
<i>Noncurrent liabilities</i>				
Long-term debt, less current portion	8,840,893	19,938,836	-	28,779,729
Total liabilities	19,111,770	20,145,498	(223,526)	39,033,742
<i>Net assets without donor restrictions</i>				
Controlling interest	28,818,698	(4,246,995)	-	24,571,703
Total liabilities and net assets	\$ 47,930,468	\$ 15,898,503	\$ (223,526)	\$ 63,605,445

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2023

	NO/AIDS Task Force doing business as CrescentCare	CCMC Managing Member, LLC	CCMC Master Tenant, LLC	CrescentCare MidCity, LLC	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
<i>Operating revenues</i>							
Patient service revenue	\$ 4,991,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,991,406
Grants	21,264,760	-	-	-	-	-	21,264,760
340B pharmacy	37,971,349	-	-	-	-	-	37,971,349
Investment return, net	726,548	-	-	-	633	-	727,181
Other	627,377	-	-	75,000	277,313	(277,313)	702,377
Total operating revenues	65,581,440	-	-	75,000	277,946	(277,313)	65,657,073
<i>Operating expenses</i>							
Salaries and wages	17,121,270	-	-	-	-	-	17,121,270
Payroll taxes and benefits	4,897,377	-	-	-	-	-	4,897,377
Professional fees	989,215	-	-	-	41,500	-	1,030,715
Medications	22,053,016	-	-	-	-	-	22,053,016
340B administration fees	6,048,223	-	-	-	-	-	6,048,223
Supplies	1,019,312	-	-	-	-	-	1,019,312
Contract medical providers	492,228	-	-	-	-	-	492,228
Dental referrals	568,983	-	-	-	-	-	568,983
Depreciation	516,318	-	-	-	1,239,471	-	1,755,789
Occupancy	887,270	-	-	-	-	(277,313)	609,957
Client assistance	4,311,969	-	-	-	-	-	4,311,969
Lab tests	254,303	-	-	-	-	-	254,303
Professional development and support	230,436	-	-	-	-	-	230,436
Property and operations	1,045,010	-	-	-	-	-	1,045,010
Insurance	254,506	-	-	-	-	-	254,506
Software, technology, and phones	1,689,154	-	-	-	-	-	1,689,154
Interest	751,672	-	-	-	225,447	-	977,119
Advertising and outreach	118,055	-	-	-	-	-	118,055
Other	429,839	-	-	-	50	-	429,889
Total operating expenses	63,678,156	-	-	-	1,506,468	(277,313)	64,907,311
<i>Operating income (loss)</i>	1,903,284	-	-	75,000	(1,228,522)	-	749,762
<i>Loss on disposal of equipment</i>	(275,491)	-	-	-	-	-	(275,491)
<i>Change in net assets without donor restrictions</i>	1,627,793	-	-	75,000	(1,228,522)	-	474,271
Net assets without donor restrictions, beginning of year	28,818,698	-	-	-	(4,246,995)	-	24,571,703
<i>Member capital contributions</i>	-	73,270	552,838	83,270	-	(178,009)	531,369
Net assets without donor restrictions, end of year	\$ 30,446,491	\$ 73,270	\$ 552,838	\$ 158,270	\$ (5,475,517)	\$ (178,009)	\$ 25,577,343

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2022

	NO/AIDS Task Force doing business as CrescentCare	CrescentCare Holdings, Inc.	Adjustments and Eliminations	Total
<i>Operating revenues</i>				
Patient service revenue	\$ 4,772,105	\$ -	\$ -	\$ 4,772,105
Grants	21,178,946	-	-	21,178,946
340B pharmacy	34,331,268	-	-	34,331,268
Investment return, net	(828,154)	11	-	(828,143)
Other	1,165,240	277,313	(347,823)	1,094,730
Total operating revenues	60,619,405	277,324	(347,823)	60,548,906
<i>Operating expenses</i>				
Salaries and wages	16,254,380	-	-	16,254,380
Payroll taxes and benefits	5,069,128	-	-	5,069,128
Professional fees	973,465	57,142	-	1,030,607
Medications	19,153,183	-	-	19,153,183
340B administration fees	5,585,257	-	-	5,585,257
Supplies	1,037,218	-	-	1,037,218
Contract medical providers	404,640	-	-	404,640
Dental referrals	411,980	-	-	411,980
Depreciation	672,655	1,239,468	-	1,912,123
Occupancy	858,484	-	(277,313)	581,171
Client assistance	4,311,856	-	-	4,311,856
Lab tests	243,231	-	-	243,231
Professional development and support	160,276	-	-	160,276
Property and operations	851,978	-	-	851,978
Insurance	228,452	70,510	(70,510)	228,452
Software, technology, and phones	1,403,532	5,910	-	1,409,442
Interest	525,555	225,447	-	751,002
Advertising and outreach	145,249	-	-	145,249
Other	320,081	1,081	-	321,162
Total operating expenses	58,610,600	1,599,558	(347,823)	59,862,335
<i>Change in net assets without donor restrictions</i>	2,008,805	(1,322,234)	-	686,571
Net assets without donor restrictions, beginning of year	26,809,893	(2,924,761)	-	23,885,132
Net assets without donor restrictions, end of year	\$ 28,818,698	\$ (4,246,995)	\$ -	\$ 24,571,703

See accompanying independent auditors' report.

NO/AIDS Task Force
doing business as CrescentCare
Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer
Year Ended June 30, 2023

Agency Head Name: Noel Twilbeck, Chief Executive Officer

July 1, 2022 through December 15, 2022

Salary	\$	132,306
Benefits - Insurance		7,192
Benefits - Retirement		6,615
<hr/>		
Total	\$	146,113

Agency Head Name: Alice Riener, Chief Executive Officer

December 16, 2022 through June 30, 2023

Salary	\$	107,893
Benefits - Insurance		7,677
Benefits - Retirement		5,384
<hr/>		
Total	\$	120,954

See accompanying independent auditors' report.

SINGLE AUDIT

AUDITORS' SECTION



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 Trustees
NO/AIDS Task Force
doing business as 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 doing business as CrescentCare (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of operations and changes in net assets 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 20, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings and questioned costs as 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The Organization's Response to the Findings

Government Auditing Standards require the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of audit findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

D3A

Spokane Valley, Washington
December 20, 2023



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

Board of Trustees
NO/AIDS Task Force
doing business as CrescentCare
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited NO/AIDS Task Force doing business as CrescentCare's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, the Organization complied, in all respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of audit findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our audit described in the accompanying schedule of audit findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

Government Auditing Standards require the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of audit findings and questioned costs. The Organization's response was not subjected to the other 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.

D3A

Spokane Valley, Washington
December 20, 2023

**NO/AIDS Task Force
 doing business as CrescentCare
 Schedule of Audit Findings and Questioned Costs
 Year Ended June 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors’ report issued on compliance for major federal programs: *Unmodified*

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:

<i>Federal Assistance Listing Numbers</i>	<i>Name of Federal Program or Cluster</i>
93.224 & 93.527	Health Center Program Cluster
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth
93.570	Community Services Block Grant Discretionary Awards
93.914	HIV Emergency Relief Project Grants
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**NO/AIDS Task Force
doing business as CrescentCare
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

Section II – Financial Statement Findings

2023-001 Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

<i>Criteria</i>	Uniform Guidance requires that the auditee prepare accurate financial statements, including the SEFA. [] Compliance Finding [] Significant Deficiency [X] Material Weakness
<i>Condition</i>	There was a material adjustment to the schedule of expenditures of federal awards (SEFA).
<i>Context</i>	This finding appears to be isolated.
<i>Cause</i>	The Organization did not properly identify all expenditures of federal awards on its SEFA.
<i>Effect</i>	An inaccurate SEFA could lead to improper identification of programs that are required to be tested under the Uniform Guidance and result in noncompliance.
<i>Recommendation</i>	We recommend the Organization properly identify and report all expenditures of federal awards on the SEFA.
<i>Views of responsible officials and planned corrective action</i>	CrescentCare agrees with the finding and will ensure that all federal expenditures will be identified on its SEFA.

**NO/AIDS Task Force
doing business as CrescentCare
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

Section III – Federal Award Findings and Questioned Costs

2023-002 Application of Sliding Fee Discount

Program Information

Federal Organization U.S Department of Health and Human Services

Assistance Listing Numbers 93.224 & 93.527 Health Center Program Cluster

Award Numbers H80CS26583, H8FCS41666

Criteria Compliance Finding Significant Deficiency Material Weakness

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F, Compliance Supplement, Part 4, Compliance Requirement N, Special Tests and Provisions states, “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 patients ability to pay.”

Condition During our testing of sliding fee discounts for health center patients qualifying for reduced charge visits, we identified two incidents in which the incorrect sliding fee was applied.

Context This finding appears to be an isolated incident. A sample size of 25 patients included two which did not have the correct sliding fee applied.

Cause The Organization did not follow its policies and procedures set in place to ensure the sliding fee schedule discount is correctly determined and applied to patient accounts.

Effect Patients may have been granted the incorrect sliding fee discount.

Questioned Costs None identified

Recommendation We recommend continued effort in training personnel to properly identify and apply the appropriate sliding fee discount based on the Organization’s approved policy and in compliance with the OMB *Compliance Supplement* requirements.

An appropriate level of review should be conducted on patient accounts to ensure proper document retention, application of sliding fee discounts, and third-party insurance billing.

Views of responsible officials and planned corrective action CrescentCare agrees with the finding and has put staff and procedures in place to prevent these incidents from occurring.

AUDITEE'S SECTION

**NO/AIDS Task Force
doing business as CrescentCare
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Additional Award Information	Total Federal Expenditures
U.S. Department of Housing and Urban Development Pass-Through Programs From:				
<i>Louisiana Department of Health and Hospitals</i>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant Program for Entitlement Communities	14.218	2000153419 2000490469		\$ 123,796
Housing Opportunities for Persons With AIDS	14.241	2000544883 2000735482		46,936
<i>City of New Orleans Office of Housing Policy and Community Development</i>				
Housing Opportunities for Persons With AIDS	14.241	LAH21F001 LAH22F001		2,401,073
<i>Unity of Greater New Orleans, Inc.</i>				
Housing Opportunities for Persons With AIDS	14.241	LA-H190014 LA-H220051		223,958
Continuum of Care Program	14.267	LA0223L6H032007 LA0223L6H032108 LA0250L6H032005 LA0250L6H032106		1,826,179
Total U.S. Department of Housing and Urban Development				\$ 4,621,942
U.S. Department of Health and Human Services Direct Programs:				
Health Center Program Cluster				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224			\$ 2,243,710
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		COVID-19	1,423,050
Grants for New and Expanded Services under the Health Center Program	93.527		COVID-19	173,222
Total Health Centers Program Cluster				3,839,982
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153			1,139,690
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			1,190,160
Mental Health Research Grants	93.242			609,280
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		COVID-19	181,207
Grants for Capital Development in Health Centers	93.526			110,170
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918			874,633
Certified Community Behavioral Health Clinic Expansion Grants	93.696			466,572
HIV Prevention Activities Non-Governmental Organization Based	93.939			816,806
Total U.S. Department of Health and Human Services Direct Programs				\$ 9,228,500

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

NO/AIDS Task Force
doing business as CrescentCare
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Additional Award Information	Federal Expenditures
U.S. Department of Health and Human Services Pass-Through Programs From:				
<i>Louisiana Public Health Institute</i>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	Not available		\$ 5,000
<i>University of Washington</i>				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	BPO74277		50,876
<i>National Health Care for the Homeless Council</i>				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	Not available	COVID-19	80,000
<i>Aids United</i>				
National Harm Reduction Technical Assistance And Syringe Services Program (SSP) Monitoring and Evaluation Funding Opportunity	93.488	CDC-RFA-OT18-1802	COVID-19	66,667
<i>City of Baton Rouge and Parish of East Baton Rouge</i>				
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B	93.686	6 UT8HA33920-02-02 4 UT8HA33920-04-02		103,168
HIV Emergency Relief Project Grants	93.914	2 H89HA11432-14-00 6 H89HA11432-15-02		102,562
<i>LSU Health Sciences Center - New Orleans</i>				
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	6 NU58DP006332-05-00		20,327
<i>City of New Orleans Office of Health Policy & AIDS Funding</i>				
HIV Emergency Relief Project Grants	93.914	3611-02343 4583		3,144,102
<i>Louisiana Department of Health and Hospitals</i>				
HIV Care Formula Grants	93.917	2000441493 2000599165 2000706532		1,193,048
HIV Prevention Activities Health Department Based	93.940	2000489571 2000562104 2000524779 2000656891 2000656892		999,632
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	2000471817 2000731576		519,425
<i>University Medical Center</i>				
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	EIS		10,033
<i>Gulf Coast Housing Partnership</i>				
Community Services Block Grant Discretionary Awards	93.570	Not available		800,000
<i>Metropolitan Human Services District</i>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	23333		244,341
Total U.S. Department of Health and Human Services Pass-Through Programs				\$ 7,339,181
Total U.S. Department of Health and Human Services				\$ 16,567,681
Total expenditures of federal awards				\$ 21,189,623

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

NO/AIDS Task Force
doing business as CrescentCare
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of NO/AIDS Task Force doing business as CrescentCare (the Organization) under programs of the federal government for the year ended June 30, 2023. Amounts reported on the Schedule for Federal Assistance Listing number 93.498 – Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution are based upon the December 31, 2022, Provider Relief Fund report. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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 consolidated financial statements.

3. De Minimis Indirect Cost Rate:

During the year ended June 30, 2023, the Organization did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance related to federal grants due to differing funder requirements.

4. Loans:

Assistance in the form of a loan is included in the accompanying schedule of expenditures of federal awards. Loan funds of \$800,000 were expended during the year ended June 30, 2023. The related loan balance was \$800,000 at June 30, 2023.



**NO/AIDS Task Force
doing business as CrescentCare
Corrective Action Plan
Year Ended June 30, 2023**

The current year Schedule of Audit Findings and Questioned Costs reported one matter in Section II – *Financial Statement Findings* and one matter in Section III – *Federal Award Findings and Questioned Costs*.

Current year audit findings:

2023-001 Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Corrective action planned: The isolated omission was related to the start-up of our Mid-City New Market Tax Credit project. The CFO will ensure that federal expenditures are accurately listed on the SEFA.

Anticipated completion date: November 30, 2023

Contact person responsible for corrective action: Annette LeBlanc, Chief Financial Officer

2023-002 Application of Sliding Fee Discount

Corrective action planned: The Clinical Practice Director has put procedures in place to verify the accuracy of documentation and application of the correct slide. The procedures consist of a monthly review of the paperwork and sliding fee for completeness and accuracy and continued training of personnel.

Anticipated completion date: Ongoing

Contact person responsible for corrective action: Demarcus Pickens, Clinical Practice Director

**NO/AIDS Task Force
doing business as CrescentCare
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

2022-001 Reporting

Status: Corrected.

2022-002 Application of Sliding Fee Discount

Status: Not corrected, repeated as 2023-002

Fiscal year of initial occurrence: 2022

Planned corrective action: See corrective action plan, anticipated completion date, and contact person(s) for corrective action on finding 2023-002 above.