

**CADENCE OF ACADIANA, INC.**  
Lafayette, Louisiana

Financial Report

Years Ended June 30, 2018 and 2017

## TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-11
ADDITIONAL INFORMATION	
Schedules of Program Revenues and Expenses	13



**Darnall, Sikes  
& Frederick**

(A Corporation of Certified Public Accountants)

## Independent Auditor’s Report

To the Board of Directors  
Cadence of Acadiana, Inc.  
Lafayette, Louisiana

We have audited the accompanying financial statements of Cadence of Acadiana, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation

2000 Kaliste Saloom  
Suite 300  
Lafayette, LA 70508  
Phone: 337.232.3312  
Fax: 337.237.3614

1231 E. Laurel Avenue  
Eunice, LA 70535  
Phone: 337.457.4146  
Fax: 337.457.5060

1201 Brashear Avenue  
Suite 301  
Morgan City, LA 70380  
Phone: 985.384.6264  
Fax: 985.384.8140

203 S. Jefferson Street  
Abbeville, LA 70510  
Phone: 337.893.5470  
Fax: 337.893.5470

A Member of:  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

[www.dsfcpas.com](http://www.dsfcpas.com)

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cadence of Acadiana, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program revenues and expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana

December 6, 2018

CADENCE OF ACADIANA, INC.

Statements of Financial Position  
June 30, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,525,497	\$ 1,513,162
Accounts receivable	569,364	482,190
Prepaid expenses	<u>40,361</u>	<u>28,855</u>
Total current assets	<u>2,135,222</u>	<u>2,024,207</u>
PROPERTY AND EQUIPMENT		
Buildings	32,970	32,970
Furniture and fixtures	332,127	406,912
Equipment	107,457	131,653
Leasehold improvements	85,688	-
Less: accumulated depreciation	<u>(189,229)</u>	<u>(245,748)</u>
Net property and equipment	<u>369,013</u>	<u>325,787</u>
OTHER ASSETS		
Deposits	<u>3,925</u>	<u>3,925</u>
TOTAL ASSETS	<u>\$2,508,160</u>	<u>\$2,353,919</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 40,993	\$ 21,542
Accrued payroll and related liabilities	<u>196,772</u>	<u>162,891</u>
Total current liabilities	<u>237,765</u>	<u>184,433</u>
OTHER LIABILITIES		
Accrued compensated absences	74,015	70,891
Due to others	<u>214,262</u>	<u>-</u>
Total other liabilities	<u>288,277</u>	<u>70,891</u>
Total liabilities	<u>526,042</u>	<u>255,324</u>
NET ASSETS		
Unrestricted	<u>1,982,118</u>	<u>2,098,595</u>
Total net assets	<u>1,982,118</u>	<u>2,098,595</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,508,160</u>	<u>\$2,353,919</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Activities  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Rehabilitation service contracts	\$ 3,502,426	\$3,648,297
Management fees	<u>370,563</u>	<u>323,697</u>
Total operating revenues	<u>3,872,989</u>	<u>3,971,994</u>
OPERATING EXPENSES		
Program activities:		
Case management	3,395,892	3,304,435
Supporting activities:		
Management and general	<u>594,859</u>	<u>343,666</u>
Total operating expenses	<u>3,990,751</u>	<u>3,648,101</u>
Operating income (loss)	(117,762)	323,893
OTHER INCOME		
Miscellaneous income	<u>1,285</u>	<u>1,012</u>
Total other income	<u>1,285</u>	<u>1,012</u>
INCREASE (DECREASE) IN NET ASSETS - UNRESTRICTED	(116,477)	324,905
UNRESTRICTED NET ASSETS		
Beginning of year	<u>2,098,595</u>	<u>1,773,690</u>
End of year	<u>\$ 1,982,118</u>	<u>\$2,098,595</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Functional Expenses  
Years Ended June 30, 2018 and 2017

	2018		
	<u>Case Management</u>	<u>Management and General</u>	<u>Total</u>
Compensation and Related Expenses:			
Salaries	\$ 2,094,804	\$ 394,051	\$ 2,488,855
Employee benefits -			
Payroll taxes	172,074	28,728	200,802
Group insurance	<u>231,627</u>	<u>6,937</u>	<u>238,564</u>
Total compensation and related expenses	2,498,505	429,716	2,928,221
Bad debts	-	14	14
Computer expense	43,393	226	43,619
Consultant fees	-	18,000	18,000
Depreciation	42,462	-	42,462
Dues, subscriptions and licenses	5,786	1,307	7,093
Education and professional development	3,085	1,150	4,235
Insurance	48,652	30,914	79,566
Interest expense		3	3
Janitorial expense	19,200	-	19,200
Medical expenses	4,069	2,036	6,105
Office expense/supplies	95,586	11,146	106,732
Professional fees	-	421,308	421,308
Rent expense	108,217	314	108,531
Repairs and maintenance	21,597	318	21,915
Telephone	29,266	1,233	30,499
Travel	127,469	8,979	136,448
Utilities	16,800	-	16,800
Administrative allocation	<u>331,804</u>	<u>(331,804)</u>	<u>-</u>
Total	<u>\$ 3,395,891</u>	<u>\$ 594,860</u>	<u>\$ 3,990,751</u>

2017

<u>Case Management</u>	<u>Management and General</u>	<u>Total</u>
\$ 2,111,634	\$ 157,696	\$ 2,269,330
171,762	11,906	183,668
<u>257,425</u>	<u>15,024</u>	<u>272,449</u>
2,540,821	184,626	2,725,447
-	-	-
6,838	1,418	8,256
90	18,000	18,090
43,265	-	43,265
4,429	1,160	5,589
200	835	1,035
50,770	10,765	61,535
-	-	-
16,800	-	16,800
1,634	881	2,515
62,195	10,963	73,158
-	394,534	394,534
108,144	298	108,442
16,955	-	16,955
28,406	554	28,960
125,393	4,327	129,720
13,800	-	13,800
<u>284,695</u>	<u>(284,695)</u>	<u>-</u>
<u>\$ 3,304,435</u>	<u>\$ 343,666</u>	<u>\$ 3,648,101</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Cash Flows  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (116,477)	\$ 324,905
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	42,462	43,265
Changes in operating assets -		
Accounts receivable	(87,174)	(60,292)
Prepaid expenses	(11,506)	9,243
Accounts payable	19,451	8,212
Accrued payroll and liabilities	33,881	(10,272)
Accrued compensated absences	3,124	1,978
Due to others	<u>214,262</u>	<u>-</u>
Total adjustments	<u>214,500</u>	<u>(7,866)</u>
Net cash provided by operating activities	<u>98,023</u>	<u>317,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(85,688)</u>	<u>-</u>
Net cash used by investing activities	<u>(85,688)</u>	<u>-</u>
NET INCREASE IN CASH	12,335	317,039
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>1,513,162</u>	<u>1,196,123</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 1,525,497</u>	<u>\$ 1,513,162</u>
Supplemental Disclosures:		
Interest expense	<u>\$ 3</u>	<u>\$ 119</u>
Income taxes	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Cadence of Acadiana, Inc. is a non-profit organization that provides case management services to infants and toddlers, mentally retarded/developmentally disabled waiver participants; adult disabled and elderly waiver participants and the HIV population throughout South Louisiana. The organization also provides professional vocational rehabilitation counseling and related services for injured employees who have outstanding workers' compensation claims. These services are funded by various insurance companies.

Financial Statement Presentation

Cadence of Acadiana, Inc. follows FASB ASC 958-225, "Financial Statements of Not-for-Profit Organizations," with regard to its financial statement presentation. Under FASB ASC 958-225, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Cadence of Acadiana, Inc. records its public support in accordance with FASB ASC 958-605. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Income Taxes

Cadence of Acadiana, Inc. qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the fiscal years under audit. In addition, Cadence has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization has not adopted any uncertain tax positions with respect to those amounts reported in its fiscal years ended June 30, 2018 and 2017 financial statements.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization is no longer subject to U.S. federal, state, and local examinations by tax authorities for years before 2015.

Donated Services

The organization recognizes donated services that (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-Restricted Funds

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the entity reports the support as unrestricted.

Property and Equipment

Property and equipment are valued at historical cost for assets purchased and at fair market value at the date of donation for contributed assets. Donations of property and equipment are recorded as support at their estimated fair market value and are reported as unrestricted unless the donor has restricted the donated assets for a specific purpose. The organization has a policy of capitalizing all acquisitions in excess of \$1,500.

Depreciation is computed using the straight-line method over the assets' useful lives.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2018 or 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

Bad Debt

The organization considers accounts receivable to be fully collectible since the balance consists primarily of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations. Management has determined that a provision for uncollectible amounts is not required as of June 30, 2018 and 2017.

Advertising

Advertising costs are charged to operations when incurred. There were no advertising expenses for the years ended June 30, 2018 or 2017.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vacation and Sick Leave

Vacation is earned after one year of employment and is calculated based on an anniversary year. Any unused vacation as of an employee's anniversary date is forfeited. Upon separation, employees will be compensated for any unused vacation generated in the current year. Accordingly, an accrual has been made for current accumulated vacation as of June 30, 2018 and 2017.

Sick leave with pay is earned at a rate of 40 hours per calendar year, commencing 90 days after employment. Sick leave may be accumulated only for use in an extended illness. No sick leave or extended illness leave is payable to an employee upon separation.

Subsequent Events

Management has evaluated subsequent events through December 6, 2018, the date at which the financial statements were available to be issued.

NOTE 2 RESTRICTIONS/LIMITATIONS ON NET ASSETS

The organization's board of directors has chosen to place the following limitations on unrestricted net assets:

	<u>2018</u>	<u>2017</u>
Designated for subsequent years' activities	\$ 1,257,210	\$ 1,257,210
Undesignated	<u>724,908</u>	<u>841,385</u>
Total unrestricted net assets	<u>\$ 1,982,118</u>	<u>\$ 2,098,595</u>

NOTE 3 CONCENTRATION OF CREDIT RISK

The majority of Cadence of Acadiana, Inc.'s accounts receivable balances are comprised of amounts due from various state agencies. A majority of the revenues are comprised of state funded programs. A change in this funding could substantially affect the operations of the organization. The organization has bank cash balances in excess of amounts federally insured. The uninsured balances totaled approximately \$1,273,706 at June 30, 2018.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 4 LINE OF CREDIT

The organization has an available line of credit with a bank with a maximum limit of \$100,000 secured by accounts receivable. The interest rate is variable and determined by the Wall Street Journal Prime Rate plus one percent, currently 5.25 percent per annum. There was no balance outstanding as of June 30, 2018 and 2017, respectively.

NOTE 5 OPERATING LEASES

The Organization is committed under several operating leases for office space payable in monthly installments ranging from \$1,467 to \$4,550, with terms ranging from two to three years. Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>	
2019	65,301
2020	2,800
2021	-
2022	-
2023	-
Total	<u>\$ 68,101</u>

Rent expenses under these leases totaled \$103,004 for the year ended June 30, 2018.

**ADDITIONAL INFORMATION**

CADENCE OF ACADIANA, INC.

Schedules of Program Revenues and Expenses  
Years Ended June 30, 2018 and 2017

	2018					
	Case Management			Management	Administration	Totals
	Region 2	Region 3	Region 4	Fees		
REVENUES	\$ 421,398	\$ 657,909	\$ 2,415,560	\$ 370,563	\$ 8,844	\$ 3,874,274
EXPENSES	<u>494,151</u>	<u>666,144</u>	<u>2,193,135</u>	<u>586,015</u>	<u>8,844</u>	<u>3,948,289</u>
Income (loss) before depreciation	(72,753)	(8,235)	222,425	(215,452)	-	(74,015)
DEPRECIATION	<u>898</u>	<u>5,840</u>	<u>35,724</u>	<u>-</u>	<u>-</u>	<u>42,462</u>
NET INCOME (LOSS)	<u>\$ (73,651)</u>	<u>\$ (14,075)</u>	<u>\$ 186,701</u>	<u>\$ (215,452)</u>	<u>\$ -</u>	<u>\$ (116,477)</u>
	2017					
	Case Management			Management	Administration	Totals
	Region 2	Region 3	Region 4	Fees		
REVENUES	\$ 444,286	\$ 671,520	\$ 2,533,022	\$ 323,697	\$ 481	\$ 3,973,006
EXPENSES	<u>480,809</u>	<u>628,456</u>	<u>2,151,905</u>	<u>336,901</u>	<u>6,765</u>	<u>3,604,836</u>
Income (loss) before depreciation	(36,523)	43,064	381,117	(13,204)	(6,284)	368,170
DEPRECIATION	<u>1,540</u>	<u>5,840</u>	<u>35,885</u>	<u>-</u>	<u>-</u>	<u>43,265</u>
NET INCOME (LOSS)	<u>\$ (38,063)</u>	<u>\$ 37,224</u>	<u>\$ 345,232</u>	<u>\$ (13,204)</u>	<u>\$ (6,284)</u>	<u>\$ 324,905</u>