

CADENCE OF ACADIANA, INC.
Lafayette, Louisiana

Financial Report

Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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 audits. 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 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 revenues and expenses by department on page 14 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

October 17, 2019

CADENCE OF ACADIANA, INC.

Statements of Financial Position
June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,405,522	\$1,525,497
Accounts receivable	524,782	569,364
Prepaid expenses	41,638	40,361
Other receivable	<u>124,355</u>	<u>-</u>
Total current assets	<u>2,096,297</u>	<u>2,135,222</u>
PROPERTY AND EQUIPMENT		
Buildings	32,970	32,970
Furniture and fixtures	332,127	332,127
Equipment	107,457	107,457
Leasehold improvements	85,688	85,688
Less: accumulated depreciation	<u>(231,194)</u>	<u>(189,229)</u>
Net property and equipment	<u>327,048</u>	<u>369,013</u>
OTHER ASSETS		
Deposits	<u>3,925</u>	<u>3,925</u>
TOTAL ASSETS	<u>\$2,427,270</u>	<u>\$2,508,160</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 6,476	\$ 40,993
Accrued payroll and related liabilities	<u>178,722</u>	<u>196,772</u>
Total current liabilities	<u>185,198</u>	<u>237,765</u>
OTHER LIABILITIES		
Accrued compensated absences	80,641	74,015
Due to others	<u>161,694</u>	<u>214,262</u>
Total other liabilities	<u>242,335</u>	<u>288,277</u>
Total liabilities	<u>427,533</u>	<u>526,042</u>
NET ASSETS		
Without donor restrictions	<u>1,999,737</u>	<u>1,982,118</u>
Total net assets	<u>1,999,737</u>	<u>1,982,118</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,427,270</u>	<u>\$2,508,160</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Activities
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and gains:		
Rehabilitation service contracts	\$ 3,684,329	\$3,493,582
Management fees	512,707	370,563
Miscellaneous income	<u>1,548</u>	<u>10,129</u>
Total revenue and gains without donor restrictions	<u>4,198,584</u>	<u>3,874,274</u>
EXPENSES		
PROGRAM SERVICES		
Case management	3,309,839	3,094,406
Property management	<u>521,819</u>	<u>586,020</u>
Total program services	<u>3,831,658</u>	<u>3,680,426</u>
SUPPORT SERVICES		
General and administrative	<u>349,307</u>	<u>310,325</u>
Total supporting services	<u>349,307</u>	<u>310,325</u>
TOTAL EXPENSES	<u>4,180,965</u>	<u>3,990,751</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>17,619</u>	<u>(116,477)</u>
CHANGE IN NET ASSETS	17,619	(116,477)
NET ASSETS, beginning	<u>1,982,118</u>	<u>2,098,595</u>
NET ASSETS, ending	<u>\$ 1,999,737</u>	<u>\$1,982,118</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Functional Expenses
Years Ended June 30, 2019 and 2018

	2019				
	Program Activities		Total Program Activities	Support Activities	Total Program and Administrative Activities
	Case Management	Property Management		General and Administrative	
PAYROLL AND RELATED EXPENSES					
Salaries	\$ 2,317,383	\$ 233,439	\$ 2,550,822	\$ 178,490	\$ 2,729,312
Employee benefits -					
Payroll taxes	184,855	18,272	203,127	16,148	219,275
Group insurance	257,373	25,482	282,855	25,039	307,894
Total payroll and related expenses	<u>2,759,611</u>	<u>277,193</u>	<u>3,036,804</u>	<u>219,677</u>	<u>3,256,481</u>
OTHER EXPENSES					
Bad debts	-	-	-	-	-
Computer expense	5,422	-	5,422	-	5,422
Consultant fees	-	-	-	23,000	23,000
Dues, subscriptions and licenses	6,373	1,155	7,528	75	7,603
Education and professional development	-	500	500	2,072	2,572
Insurance	51,229	2,319	53,548	7,915	61,463
Janitorial expense	19,200	-	19,200	-	19,200
Medical expenses	1,638	1,779	3,417	-	3,417
Office expense/supplies	110,907	3,506	114,413	193	114,606
Professional fees	-	229,171	229,171	91,305	320,476
Rent expense	108,275	338	108,613	-	108,613
Repairs and maintenance	22,429	-	22,429	-	22,429
Telephone	29,494	-	29,494	1,949	31,443
Travel	136,470	5,858	142,328	3,121	145,449
Utilities	16,826	-	16,826	-	16,826
Total other expenses	<u>508,263</u>	<u>244,626</u>	<u>752,889</u>	<u>129,630</u>	<u>882,519</u>
Total expenses before depreciation	3,267,874	521,819	3,789,693	349,307	4,139,000
DEPRECIATION	<u>41,965</u>	<u>-</u>	<u>41,965</u>	<u>-</u>	<u>41,965</u>
TOTAL EXPENSES	<u>\$ 3,309,839</u>	<u>\$ 521,819</u>	<u>\$ 3,831,658</u>	<u>\$ 349,307</u>	<u>\$ 4,180,965</u>

2018

Program Activities		Total Program Activities	Support Activities	Total Program and Administrative Activities
Case Management	Property Management		General and Administrative	
\$ 2,125,124	\$ 204,932	\$ 2,330,056	\$ 158,799	\$ 2,488,855
172,074	15,797	187,871	12,931	200,802
<u>231,627</u>	<u>-</u>	<u>231,627</u>	<u>6,937</u>	<u>238,564</u>
<u>2,528,825</u>	<u>220,729</u>	<u>2,749,554</u>	<u>178,667</u>	<u>2,928,221</u>
-	-	-	14	14
43,393	-	43,393	226	43,619
-	-	-	18,000	18,000
5,786	1,237	7,023	70	7,093
3,085	-	3,085	1,150	4,235
48,652	23,800	72,452	7,114	79,566
19,200	-	19,200	-	19,200
4,069	2,036	6,105	-	6,105
95,586	2,460	98,046	8,691	106,737
-	330,800	330,800	90,507	421,307
108,216	314	108,530	-	108,530
21,597	318	21,915	-	21,915
29,266	-	29,266	1,233	30,499
127,469	4,326	131,795	4,653	136,448
<u>16,800</u>	<u>-</u>	<u>16,800</u>	<u>-</u>	<u>16,800</u>
<u>523,119</u>	<u>365,291</u>	<u>888,410</u>	<u>131,658</u>	<u>1,020,068</u>
3,051,944	586,020	3,637,964	310,325	3,948,289
<u>42,462</u>	<u>-</u>	<u>42,462</u>	<u>-</u>	<u>42,462</u>
<u>\$ 3,094,406</u>	<u>\$ 586,020</u>	<u>\$ 3,680,426</u>	<u>\$ 310,325</u>	<u>\$ 3,990,751</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	<u>\$ 17,619</u>	<u>\$ (116,477)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	41,965	42,462
Changes in operating assets -		
Accounts receivable	44,582	(87,174)
Prepaid expenses	(1,277)	(11,506)
Accounts payable	(34,517)	19,451
Accrued payroll and liabilities	(18,050)	33,881
Accrued compensated absences	6,626	3,124
Due to others	<u>(52,568)</u>	<u>214,262</u>
Total adjustments	<u>(13,239)</u>	<u>214,500</u>
Net cash provided (used) by operating activities	<u>4,380</u>	<u>98,023</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>-</u>	<u>(85,688)</u>
Net cash used by investing activities	<u>-</u>	<u>(85,688)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,380	12,335
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,525,497</u>	<u>1,513,162</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,529,877</u>	<u>\$ 1,525,497</u>
Supplemental Disclosures:		
Interest expense	<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.

Basis of Accounting

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions – Net assets without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. Goodwill did not have any donor restricted net assets as of June 30, 2019.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

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.

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 did not have any material unrelated business income for the fiscal years under audit. In addition, Cadence of Acadiana, Inc. 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, 2019 and 2018 financial statements.

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.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 or 2018.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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, 2019 and 2018.

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.

Vacation and Sick Leave

Vacation is earned after one year of employment and is calculated based on each employee's 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 recorded for current accumulated vacation as of June 30, 2019 and 2018, respectively.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising

Advertising costs are charged to operations when incurred. The Organization did not have any advertising expenses for the years ended June 30, 2019 or 2018.

Subsequent Events

Management has evaluated subsequent events through October 17, 2019, the date at which the financial statements were available to be issued.

Change in Accounting Principle

FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities" in 2016. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization adopted ASU 2016-14 during the fiscal year ended June 30, 2019. The adoption of ASU 2016-14 had no impact on the Organization's total net assets.

Reclassification

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

NOTE 2 OPERATING LEASES

The Organization is committed under several operating leases for office space payable in monthly installments ranging from \$1,400 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>	
2020	64,400
2021	54,000
2022	27,300
2023	-
2024	-
Total	<u>\$ 145,700</u>

Rent expenses under these leases totaled \$98,000 for the year ended June 30, 2019.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 3 AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use as of June 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,405,522
Accounts receivable	<u>524,782</u>
Total financial assets	<u>1,930,304</u>
Total financial assets available to meet general expenditures over the next twelve months	
	<u>\$ 1,930,304</u>

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 5.00 percent per annum. There was no balance outstanding as of June 30, 2019 and 2018, respectively.

NOTE 5 RESTRICTIONS/LIMITATIONS ON NET ASSETS

The Organization's board of directors has chosen to place the following limitations on net assets without donor restrictions:

	<u>2019</u>	<u>2018</u>
Designated for subsequent years' activities	\$ 1,257,210	\$ 1,257,210
Undesignated	<u>618,198</u>	<u>724,908</u>
Total net assets without donor restrictions	<u>\$ 1,875,408</u>	<u>\$ 1,982,118</u>

NOTE 6 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 operations. The Organization has bank cash balances in excess of amounts federally insured. The uninsured balances totaled approximately \$1,179,847 at June 30, 2019.

ADDITIONAL INFORMATION

CADENCE OF ACADIANA, INC.

Schedules of Revenues and Expenses by Department
Years Ended June 30, 2019 and 2018

	2019							
	Program Activities					Total Program Activities	Support Activities	
	Case Management			Total Case Management	Property Management		Administrative	Total Program and Support Activities
	Region 2	Region 3	Region 4					
REVENUES	\$ 400,243	\$ 672,665	\$ 2,611,798	\$ 3,684,706	\$ 512,707	\$ 4,197,413	\$ 1,171	\$ 4,198,584
EXPENSES	<u>428,241</u>	<u>650,292</u>	<u>2,189,341</u>	<u>3,267,874</u>	<u>521,819</u>	<u>3,789,693</u>	<u>349,307</u>	<u>4,139,000</u>
Income (loss) before depreciation	(27,998)	22,373	422,457	416,832	(9,112)	407,720	(348,136)	59,584
DEPRECIATION	<u>-</u>	<u>5,840</u>	<u>36,125</u>	<u>41,965</u>	<u>-</u>	<u>41,965</u>	<u>-</u>	<u>41,965</u>
NET INCOME (LOSS)	<u>\$ (27,998)</u>	<u>\$ 16,533</u>	<u>\$ 386,332</u>	<u>\$ 374,867</u>	<u>\$ (9,112)</u>	<u>\$ 365,755</u>	<u>\$ (348,136)</u>	<u>\$ 17,619</u>
	2018							
	Program Activities					Total Program Activities	Support Activities	
	Case Management			Total Case Management	Property Management		Administrative	Total Program and Support Activities
	Region 2	Region 3	Region 4					
	REVENUES	\$ 421,398	\$ 657,909	\$ 2,415,560	\$ 3,494,867	\$ 370,563	\$ 3,865,430	\$ 8,844
EXPENSES	<u>453,181</u>	<u>614,138</u>	<u>1,984,625</u>	<u>3,051,944</u>	<u>586,020</u>	<u>3,637,964</u>	<u>310,325</u>	<u>3,948,289</u>
Income (loss) before depreciation	(31,783)	43,771	430,935	442,923	(215,457)	227,466	(301,481)	(74,015)
DEPRECIATION	<u>898</u>	<u>5,840</u>	<u>35,724</u>	<u>42,462</u>	<u>-</u>	<u>42,462</u>	<u>-</u>	<u>42,462</u>
NET INCOME (LOSS)	<u>\$ (32,681)</u>	<u>\$ 37,931</u>	<u>\$ 395,211</u>	<u>\$ 400,461</u>	<u>\$ (215,457)</u>	<u>\$ 185,004</u>	<u>\$ (301,481)</u>	<u>\$ (116,477)</u>