CADENCE OF ACADIANA, INC.
Lafayette, Louisiana

Financial Report

Years Ended June 30, 2017 and 2016

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Darnall, Sikes, Gardes & 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, 2017 and 2016, 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

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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, 2017 and 2016, 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.

Darnall, Sikes, Gardes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
October 16, 2017

CADENCE OF ACADIANA, INC.

Statements of Financial Position
June 30, 2017 and 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	$1,513,162	$1,196,123
Accounts receivable	482,190	421,898
Prepaid expenses	28,855	38,098
Total current assets	2,024,207	1,656,119
PROPERTY AND EQUIPMENT		
Buildings	32,970	32,970
Furniture and fixtures	406,912	406,912
Equipment	131,653	131,653
Less: accumulated depreciation	(245,748)	(202,483)
Net property and equipment	325,787	369,052
OTHER ASSETS		
Deposits	3,925	3,925
TOTAL ASSETS	$2,353,919	$2,029,096

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Accounts payable	$ 21,542	$ 13,330
Accrued payroll and related liabilities	162,891	173,163
Total current liabilities	184,433	186,493
OTHER LIABILITIES		
Accrued compensated absences	70,891	68,913
Total other liabilities	70,891	68,913
Total liabilities	255,324	255,406
NET ASSETS		
Unrestricted	2,098,595	1,773,690
Total net assets	2,098,595	1,773,690
TOTAL LIABILITIES AND NET ASSETS	$2,353,919	$2,029,096

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Activities
Years Ended June 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Rehabilitation service contracts	$ 3,648,297	$3,458,678
Management fees	323,697	216,049
Total operating revenues	3,971,994	3,674,727
OPERATING EXPENSES		
Program activities:		
Case management	3,304,435	3,199,862
Supporting activities:		
Management and general	343,666	269,710
Total operating expenses	3,648,101	3,469,572
Operating income	323,893	205,155
OTHER INCOME		
Interest	-	1,138
Miscellanous income	1,012	1,904
Total other income	1,012	3,042
INCREASE IN NET ASSETS - UNRESTRICTED	324,905	208,197
UNRESTRICTED NET ASSETS		
Beginning of year	1,773,690	1,565,493
End of year	$ 2,098,595	$1,773,690

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Functional Expenses
Years Ended June 30, 2017 and 2016

	2017		
	Case Management	Management and General	Total
Compensation and Related Expenses:			
Salaries	$ 2,111,634	$ 157,696	$ 2,269,330
Employee benefits -			
Payroll taxes	171,762	11,906	183,668
Group insurance	257,425	15,024	272,449
Total compensation and related expenses	2,540,821	184,626	2,725,447
Computer expense	6,838	1,418	8,256
Consultant fees	90	18,000	18,090
Depreciation	43,265	-	43,265
Dues, subscriptions and licenses	4,429	1,160	5,589
Education and professional development	200	835	1,035
Insurance	50,770	10,765	61,535
Janitorial expense	16,800	-	16,800
Medical expenses	1,634	881	2,515
Office expense/supplies	62,195	10,963	73,158
Professional fees	-	394,534	394,534
Rent expense	108,144	298	108,442
Repairs and maintenance	16,955	-	16,955
Telephone	28,406	554	28,960
Travel	125,393	4,327	129,720
Utilities	13,800	-	13,800
Administrative allocation	284,695	(284,695)	-
Total	$ 3,304,435	$ 343,666	$ 3,648,101

2016		
Case Management	Management and General	Total
$ 2,063,172	$ 128,289	$ 2,191,461
169,467	7,650	177,117
279,050	2,343	281,393
2,511,689	138,282	2,649,971
21,789	2,454	24,243
-	18,300	18,300
37,055	-	37,055
4,195	822	5,017
100	695	795
18,166	6,078	24,244
15,075	3,002	18,077
1,933	-	1,933
50,151	13,679	63,830
-	301,098	301,098
107,500	310	107,810
22,197	384	22,581
28,120	366	28,486
147,075	5,257	152,332
13,800	-	13,800
221,017	(221,017)	-
$ 3,199,862	$ 269,710	$ 3,469,572

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 324,905	$ 208,197
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	43,265	37,055
Changes in operating assets -		
Accounts receivable	(60,292)	(104,718)
Prepaid expenses	9,243	18,137
Deposits	-	1,300
Accounts payable	8,212	5,186
Accrued payroll and liabilities	(10,272)	17,509
Accrued compensated absences	1,978	8,296
Total adjustments	(7,866)	(17,235)
Net cash provided by operating activities	317,039	190,962
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(51,944)
Net cash used by investing activities	-	(51,944)
NET INCREASE IN CASH	317,039	139,018
CASH AND EQUIVALENTS, BEGINNING OF YEAR	1,196,123	1,057,105
CASH AND EQUIVALENTS, END OF YEAR	$ 1,513,162	$ 1,196,123
Supplemental Disclosures:		
Interest expense	$ 119	$ -
Income taxes	-	-

The accompanying notes are an integral part of these 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, 2017 and 2016 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 2014.

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.

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, 2017 or 2016.

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, 2017 and 2016.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended June 30, 2017 or 2016 are $0 and $680, respectively.

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, 2017 and 2016.

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 October 16, 2017, 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:

	2017	2016
Designated for subsequent years' activities	$ 1,257,210	$ 927,210
Undesignated	841,385	846,480
Total unrestricted net assets	$ 2,098,595	$ 1,773,690

NOTE 3 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 4.75 percent per annum. There was no balance outstanding as of June 30, 2017 and 2016, respectively.

NOTE 4 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 $1,231,298 at June 30, 2017.

NOTE 4 CONCENTRATION OF CREDIT RISK (Continued)

The organization maintains its cash with high quality financial institutions which the organization believes limit these risks.

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:

Year ending June 30,	
2018	103,004
2019	65,301
2020	2,800
2021	-
2022	-
Total	$ 171,105

Rent expenses under these leases were $74,103 for the year ended June 30, 2017.

ADDITIONAL INFORMATION

CADENCE OF ACADIANA, INC.

Schedules of Program Revenues and Expenses
Years Ended June 30, 2017 and 2016

	2017					
	Case Management			Management		
	Region 2	Region 3	Region 4	Fees	Administration	Totals
REVENUES	$ 444,286	$ 671,520	$ 2,533,022	$ 323,697	$ 481	$ 3,973,006
EXPENSES	480,809	628,456	2,151,905	336,901	6,765	3,604,836
Income (loss) before depreciation	(36,523)	43,064	381,117	(13,204)	(6,284)	368,170
DEPRECIATION	1,540	5,840	35,885	-	-	43,265
NET INCOME (LOSS)	$ (38,063)	$ 37,224	$ 345,232	$ (13,204)	$ (6,284)	$ 324,905

	2016					
	Case Management			Mangement		
	Region 2	Region 3	Region 4	Fees	Administration	Totals
REVENUES	$ 503,645	$ 631,135	$ 2,325,551	$ 216,049	$ 1,389	$ 3,677,769
EXPENSES	535,467	595,112	2,032,228	264,795	4,915	3,432,517
Income (loss) before depreciation	(31,822)	36,023	293,323	(48,746)	(3,526)	245,252
DEPRECIATION	1,540	5,840	29,675	-	-	37,055
NET INCOME (LOSS)	$ (33,362)	$ 30,183	$ 263,648	$ (48,746)	$ (3,526)	$ 208,197