

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

Financial Report

Years Ended June 30, 2014 and 2013

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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 statement of financial position as of June 30, 2014 and 2013, 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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

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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 opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cadence of Acadiana, Inc. (a nonprofit organization) as of June 30, 2014 and 2013, 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.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information listed in the table of contents 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2014, on our consideration of Cadence of Acadiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cadence of Acadiana, Inc.'s internal control over financial reporting and compliance.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
September 8, 2014

CADENCE OF ACADIANA, INC.

Statements of Financial Position  
June 30, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 932,101	\$ 1,026,602
Accounts receivable	296,806	375,500
Prepaid expenses	<u>48,710</u>	<u>43,842</u>
Total current assets	<u>1,277,617</u>	<u>1,445,944</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	362,824	10,837
Equipment	112,679	112,679
Less: accumulated depreciation	<u>(137,784)</u>	<u>(111,032)</u>
Net property and equipment	<u>337,719</u>	<u>12,484</u>
OTHER ASSETS		
Deposits	<u>2,575</u>	<u>2,575</u>
TOTAL ASSETS	<u>\$ 1,617,911</u>	<u>\$ 1,461,003</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 3,751	\$ 5,565
Accrued payroll and related liabilities	<u>137,113</u>	<u>126,412</u>
Total current liabilities	<u>140,864</u>	<u>131,977</u>
OTHER LIABILITIES		
Accrued compensated absences	<u>56,943</u>	<u>53,589</u>
Total other liabilities	<u>56,943</u>	<u>53,589</u>
Total liabilities	<u>197,807</u>	<u>185,566</u>
NET ASSETS		
Unrestricted	<u>1,420,104</u>	<u>1,275,437</u>
Total net assets	<u>1,420,104</u>	<u>1,275,437</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,617,911</u>	<u>\$ 1,461,003</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Activities  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Rehabilitation services revenue:		
Contracts	<u>\$ 3,250,536</u>	<u>\$ 3,210,789</u>
OPERATING EXPENSES		
Program activities:		
Case management	3,081,596	2,901,542
Youth development/placement	<u>-</u>	<u>6,681</u>
	3,081,596	2,908,223
Supporting activities:		
Management and general	<u>24,273</u>	<u>70,626</u>
Total operating expenses	<u>3,105,869</u>	<u>2,978,849</u>
INCREASE IN NET ASSETS - UNRESTRICTED	144,667	231,940
UNRESTRICTED NET ASSETS		
Beginning of year	<u>1,275,437</u>	<u>1,043,497</u>
End of year	<u>\$ 1,420,104</u>	<u>\$ 1,275,437</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Functional Expenses  
Years Ended June 30, 2014 and 2013

	2014			
	Case Management	Youth Development Placement	Management and General	Total
Compensation and Related Expenses:				
Salaries	\$ 2,042,489	\$ -	\$ 92,961	\$ 2,135,450
Employee benefits -				
Payroll taxes	166,995	-	6,959	173,954
Group insurance	<u>211,226</u>	<u>-</u>	<u>8,441</u>	<u>219,667</u>
Total compensation and related expenses	2,420,710	-	108,361	2,529,071
Bad debts	-	-	1,994	1,994
Computer expense	11,721	-	2,556	14,277
Consultant fees	-	-	18,000	18,000
Depreciation	26,751	-	-	26,751
Dues, subscriptions and licenses	1,883	-	390	2,273
Education and professional development	70	-	-	70
Insurance	51,327	-	6,611	57,938
Interest expense	-	-	-	-
Janitorial expense	8,190	-	-	8,190
Medical expenses	3,105	-	20	3,125
Office expense/supplies	42,062	-	8,157	50,219
Professional fees	-	-	104,817	104,817
Rent expense	88,499	-	130	88,629
Repairs and maintenance	24,977	-	2,815	27,792
Telephone	29,250	-	1,258	30,508
Travel	130,967	-	2,078	133,045
Utilities	9,170	-	-	9,170
Administrative allocation	<u>232,914</u>	<u>-</u>	<u>(232,914)</u>	<u>-</u>
Total	<u>\$ 3,081,596</u>	<u>\$ -</u>	<u>\$ 24,273</u>	<u>\$ 3,105,869</u>

2013

Case Management	Youth Development Placement	Management and General	Total
\$ 1,973,509	\$ 3,879	\$ 102,439	\$ 2,079,827
162,822	354	7,360	170,536
<u>160,275</u>	<u>696</u>	<u>8,436</u>	<u>169,407</u>
2,296,606	4,929	118,235	2,419,770
-	-	26,819	26,819
13,073	-	1,756	14,829
90	-	18,000	18,090
8,361	-	-	8,361
1,883	-	110	1,993
1,222	-	-	1,222
45,252	226	4,916	50,394
-	-	5	5
2,310	-	-	2,310
3,233	-	52	3,285
46,794	37	9,974	56,805
-	-	105,520	105,520
88,358	-	302	88,660
15,120	363	776	16,259
30,255	302	1,139	31,696
128,765	54	2,346	131,165
1,666	-	-	1,666
<u>218,554</u>	<u>770</u>	<u>(219,324)</u>	<u>-</u>
<u>\$ 2,901,542</u>	<u>\$ 6,681</u>	<u>\$ 70,626</u>	<u>\$ 2,978,849</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Cash Flows  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	<u>\$ 144,667</u>	<u>\$ 231,940</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	26,751	8,361
Changes in operating assets -		
Accounts receivable	78,694	49,161
Prepaid expenses	(4,868)	(2,007)
Accounts payable	(1,814)	(597)
Accrued payroll and liabilities	10,701	19,107
Accrued compensated absences	<u>3,354</u>	<u>4,359</u>
Total adjustments	<u>112,818</u>	<u>78,384</u>
Net cash provided by operating activities	<u>257,485</u>	<u>310,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(351,986)</u>	<u>(7,699)</u>
Net cash provided (used) by investing activities	<u>(351,986)</u>	<u>(7,699)</u>
NET INCREASE (DECREASE) IN CASH	(94,501)	302,625
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>1,026,602</u>	<u>723,977</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 932,101</u>	<u>\$1,026,602</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, 2014 and 2013 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 2011.

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, 2014 or 2013.

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.

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, 2014 and 2013.

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, 2014 and 2013.

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. There was no advertising expense for the years ended June 30, 2014 or 2013.

Subsequent Events

Management has evaluated subsequent events through September 8, 2014, the date at which the financial statements were available to be issued.

NOTE 2 ACCOUNTS RECEIVABLE

Included in accounts receivable are amounts billed but not paid by customers under retainage provisions in contracts. As of June 30, 2014 and 2013, total retainages are \$30,634 and \$121,595, respectively.

NOTE 3 RESTRICTIONS/LIMITATIONS ON NET ASSETS

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

	<u>2014</u>	<u>2013</u>
Designated for subsequent years' activities	\$ 600,000	\$ 400,000
Undesignated	<u>820,104</u>	<u>875,437</u>
Total unrestricted net assets	<u>\$1,420,104</u>	<u>\$1,275,437</u>

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 4 CONCENTRATION OF CREDIT RISK

The majority of Cadence of Acadiana, Inc.'s accounts receivable balances at June 30, 2014 and 2013 were 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 cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$430,080 at June 30, 2014. The organization maintains its cash with high quality financial institutions which the organization believes limit these risks.

NOTE 5 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 7.75 percent per annum. There was no balance outstanding as of June 30, 2014 and 2013.



**Darnall, Sikes,  
Gardes & Frederick.**

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Independent Auditor's Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Governmental Auditing Standards*

To the Board of Directors  
Cadence of Acadiana, Inc.  
Lafayette, 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 financial statements of Cadence of Acadiana, Inc. (a nonprofit organization), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Cadence of Acadiana, Inc.'s basic financial statements, and have issued our report thereon dated September 8, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cadence of Acadiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of considered Cadence of Acadiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness considered Cadence of Acadiana, Inc.'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 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.

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore its distribution is not limited.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
September 8, 2014

CADENCE OF ACADIANA, INC.

Schedules of Program Revenues and Expenses  
Years Ended June 30, 2014 and 2013

	2014					
	Case Management			Youth	Administration	Totals
	Region 2	Region 3	Region 4	Development		
REVENUES	\$ 545,651	\$ 545,769	\$ 2,135,398	\$ -	\$ 23,718	\$ 3,250,536
EXPENSES	<u>508,331</u>	<u>576,718</u>	<u>1,969,795</u>	<u>-</u>	<u>24,273</u>	<u>3,079,117</u>
Income (loss) before depreciation	37,320	(30,949)	165,603	-	(555)	171,419
DEPRECIATION	<u>1,540</u>	<u>-</u>	<u>25,212</u>	<u>-</u>	<u>-</u>	<u>26,752</u>
NET INCOME (LOSS)	<u>\$ 35,780</u>	<u>\$ (30,949)</u>	<u>\$ 140,391</u>	<u>\$ -</u>	<u>\$ (555)</u>	<u>\$ 144,667</u>
	2013					
	Case Management			Youth	Administration	Totals
	Region 2	Region 3	Region 4	Development		
REVENUES	\$ 478,114	\$ 528,778	\$ 2,169,107	\$ 10,534	\$ 24,256	\$ 3,210,789
EXPENSES	<u>500,793</u>	<u>492,619</u>	<u>1,899,769</u>	<u>6,681</u>	<u>70,626</u>	<u>2,970,488</u>
Income (loss) before depreciation	(22,679)	36,159	269,338	3,853	(46,370)	240,301
DEPRECIATION	<u>642</u>	<u>-</u>	<u>7,719</u>	<u>-</u>	<u>-</u>	<u>8,361</u>
NET INCOME (LOSS)	<u>\$ (23,321)</u>	<u>\$ 36,159</u>	<u>\$ 261,619</u>	<u>\$ 3,853</u>	<u>\$ (46,370)</u>	<u>\$ 231,940</u>

CADENCE OF ACADIANA, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on Cadence of Acadiana, Inc.'s financial statements as of and for the year ended June 30, 2014.

Significant Deficiencies – Financial Reporting

No deficiencies or material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance or Other Matters – Financial Reporting

There was no instance of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2014.

Part II Findings relating to an Audit in Accordance with *Government Auditing Standards*

There were no reportable conditions or instances of material noncompliance noted during the audit.

Part III Findings and Questioned Costs Relating to Federal Programs

At June 30, 2014, Cadence of Acadiana, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore this section is not applicable.

CADENCE OF ACADIANA, INC.

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2014

There were no prior year findings.

CADENCE OF ACADIANA, INC.

Management's Corrective Action Plan  
Year Ended June 30, 2014

No current year findings were noted, therefore, no response is deemed necessary.