

CADENCE OF ACADIANA, INC.
Lafayette, Louisiana

Financial Report

Years Ended June 30, 2011 and 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 12 2011**

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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

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 Dustin B. Baudin, CPA, MBA
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We have audited the accompanying statements of financial position of Cadence of Acadiana, Inc. (a nonprofit organization) as of June 30, 2011 and 2010 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
September 28, 2011

CADENCE OF ACADIANA, INC.

Statements of Financial Position
June 30, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 397,738	\$ 295,414
Accounts receivable	358,652	301,502
Prepaid expenses	<u>45,211</u>	<u>26,238</u>
Total current assets	<u>801,601</u>	<u>623,154</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	10,837	10,837
Equipment	107,563	88,879
Less: accumulated depreciation	<u>(99,750)</u>	<u>(85,751)</u>
Net property and equipment	<u>18,650</u>	<u>13,965</u>
OTHER ASSETS		
Deposits	<u>2,575</u>	<u>3,221</u>
TOTAL ASSETS	<u>\$ 822,826</u>	<u>\$ 640,340</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 4,654	\$ 7,742
Accrued payroll and related liabilities	101,230	136,524
Current portion of capital lease obligation	<u>1,123</u>	<u>6,301</u>
Total current liabilities	<u>107,007</u>	<u>150,567</u>
OTHER LIABILITIES		
Accrued compensated absences	61,191	55,755
Capital lease obligation - long term	<u>-</u>	<u>1,123</u>
Total other liabilities	<u>61,191</u>	<u>56,878</u>
Total liabilities	<u>168,198</u>	<u>207,445</u>
NET ASSETS		
Unrestricted	<u>654,628</u>	<u>432,895</u>
Total net assets	<u>654,628</u>	<u>432,895</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 822,826</u>	<u>\$ 640,340</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Activities
 Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Rehabilitation services revenue:		
Contracts	<u>\$ 3,435,968</u>	<u>\$ 3,560,934</u>
OPERATING EXPENSES		
Program activities:		
Case management	2,946,530	2,868,227
Youth development/placement	<u>237,249</u>	<u>241,598</u>
	3,183,779	3,109,825
Supporting activities:		
Management and general	<u>30,456</u>	<u>310,625</u>
Total operating expenses	<u>3,214,235</u>	<u>3,420,450</u>
Operating income	221,733	130,179
OTHER INCOME		
Gain on sale of fixed assets	<u>-</u>	<u>10,036</u>
INCREASE IN NET ASSETS - UNRESTRICTED	221,733	140,215
UNRESTRICTED NET ASSETS		
Beginning of year	<u>432,895</u>	<u>292,680</u>
End of year	<u>\$ 654,628</u>	<u>\$ 432,895</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Functional Expenses
Years Ended June 30, 2011 and 2010

	2011			Total
	Case Management	Youth Development Placement	Management and General	
Compensation and Related Expenses:				
Salaries	\$ 1,996,861	\$ 153,045	\$ 82,955	\$ 2,232,861
Employee benefits -				
Payroll taxes	157,373	12,778	6,471	176,622
Group insurance	<u>194,411</u>	<u>11,368</u>	-	<u>205,779</u>
Total compensation and related expenses	2,348,645	177,191	89,426	2,615,262
Advertising	-	-	-	-
Bad debts	-	-	-	-
Computer expense	7,066	59	300	7,425
Consultant fees	-	-	18,000	18,000
Depreciation	12,716	-	1,283	13,999
Dues, subscriptions and licenses	2,490	-	90	2,580
Education and professional development	209	340	-	549
Insurance	50,682	4,455	6,984	62,121
Interest expense	536	-	119	655
Janitorial expense	2,255	-	-	2,255
Medical expenses	2,160	337	355	2,852
Office expense/supplies	43,739	7,411	4,559	55,709
Professional fees	-	-	102,917	102,917
Rent expense	91,308	5,249	-	96,557
Repairs and maintenance	22,742	2,135	430	25,307
Sanction expense	-	-	-	-
Telephone	34,539	6,300	980	41,819
Travel	141,327	22,031	698	164,056
Utilities	2,172	-	-	2,172
Administrative allocation	<u>183,944</u>	<u>11,741</u>	<u>(195,685)</u>	-
Total	<u>\$ 2,946,530</u>	<u>\$ 237,249</u>	<u>\$ 30,456</u>	<u>\$ 3,214,235</u>

2010

Case Management	Youth Development Placement	Management and General	Total
\$ 2,111,674	\$ 159,906	\$ 81,050	\$ 2,352,630
169,920	12,919	5,034	187,873
<u>117,208</u>	<u>15,154</u>	<u>89,552</u>	<u>221,914</u>
2,398,802	187,979	175,636	2,762,417
880	-	-	880
-	-	1,489	1,489
46,770	252	5	47,027
437	690	27,000	28,127
12,679	-	1,634	14,313
2,150	-	88	2,238
20	533	-	553
52,763	4,530	7,801	65,094
1,226	-	2,891	4,117
3,050	-	-	3,050
1,935	435	-	2,370
41,068	8,654	261	49,983
-	-	91,540	91,540
98,167	3,720	-	101,887
13,200	1,631	113	14,944
5,739	-	-	5,739
39,627	5,847	1,631	47,105
144,677	27,327	536	172,540
5,037	-	-	5,037
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,868,227</u>	<u>\$ 241,598</u>	<u>\$ 310,625</u>	<u>\$ 3,420,450</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC.

Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	<u>\$ 221,733</u>	<u>\$ 140,215</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	13,999	14,313
Gain on sale of fixed assets	-	(10,036)
Changes in operating assets -		
Accounts receivable	(57,150)	108,635
Prepaid expenses	(18,973)	9,354
Deposits	646	2,940
Accounts payable	(3,088)	(67,878)
Accrued payroll and liabilities	(35,294)	4,001
Accrued compensated absences	<u>5,436</u>	<u>12,069</u>
Total adjustments	<u>(94,424)</u>	<u>73,398</u>
Net cash provided by operating activities	127,309	213,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(18,684)	-
Proceeds from sale of fixed assets	<u>-</u>	<u>10,290</u>
Net cash provided (used) by investing activities	<u>(18,684)</u>	<u>10,290</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (payments) of short-term borrowings	-	(17,708)
Principal payments of capital lease obligations	<u>(6,301)</u>	<u>(5,610)</u>
Net cash used by financing activities	<u>(6,301)</u>	<u>(23,318)</u>
NET INCREASE IN CASH	102,324	200,585
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>295,414</u>	<u>94,829</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 397,738</u>	<u>\$ 295,414</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 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, "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 (formerly SFAS No.116, "Accounting for Contributions Received and Contributions Made.") 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.

Cadence of Acadiana, Inc. has elected in fiscal year ended June 30, 2011 the provisions of FASB ASC 740-10 (formerly FASB Interpretation 48, "Accounting for Uncertainties in Income Taxes.") The Organization has not adopted any uncertain tax positions with respect to those amounts reported in its fiscal years ended June 30, 2011 and 2010 financial statements.

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, 2011 or 2010.

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 Debts

Cadence of Acadiana, Inc. accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The effects of using this method approximate those of the allowance method.

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, 2011 and 2010.

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. Advertising expense for the year ended June 30, 2011 and 2010 was \$0 and \$880, respectively.

Subsequent Events

Management has evaluated subsequent events through September 28, 2011, the date at which the financial statements were available to be issued.

NOTE 2 CAPITAL LEASE

The Organization is the lessee of equipment under a capital lease expiring August of 2011. The asset and related liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is depreciated over its estimated productive life. Depreciation of the asset under capital lease is included in depreciation expense.

Minimum future lease payments under the capital lease as of June 30, 2011, for each of the next five years and in the aggregate are:

	Year Ended June 30	Amount
	2012	1,139
	2013 and thereafter	-
Total minimum lease obligation		1,139
Less amount representing interest		(16)
Present value of minimum lease obligation		1,123
Less: Current portion of capital lease obligation		(1,123)
Present value of minimum lease obligation		\$ -

The interest rate on this capital lease is 11.66 percent per annum.

CADENCE OF ACADIANA, INC.

Notes to Financial Statements

NOTE 2 CAPITAL LEASE (Continued)

The following is an analysis of the leased property under capital leases by major asset class at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Office equipment	\$ 17,405	\$ 17,405
Less: Accumulated depreciation	<u>(16,438)</u>	<u>(10,636)</u>
Net property under capital lease	<u>\$ 967</u>	<u>\$ 6,769</u>

NOTE3 CONCENTRATION OF CREDIT RISK

The majority of Cadence of Acadiana, Inc.'s accounts receivable balances at June 30, 2011 and 2010 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.

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 7.75 percent per annum. There was no balance outstanding as of June 30, 2011 and 2010.

NOTE 5 RISK MANAGEMENT

Cadence of Acadiana, Inc. is a participant in a self-insured health insurance fund. The plan year is a calendar year and is currently being administered by Total Benefit Services, Inc. The fund provides coverage for specific claims for up to a maximum of \$25,000 for each employee or employee dependent per year up to a maximum of \$1,975,000. Commercial insurance for claims in excess of coverage was purchased. There were no amounts receivable from the insurance carrier for aggregate and specific claims in excess of the coverage amount at June 30, 2011 or June 30, 2010.



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

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**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

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We have audited the financial statements of Cadence of Acadiana, Inc. (a nonprofit corporation) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 28, 2011. We have 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cadence of Acadiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cadence of Acadiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cadence of Acadiana, Inc. financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal awarding agencies 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 28, 2011

CADENCE OF ACADIANA, INC.

Schedule of Program Revenues and Expenses
Years Ended June 30, 2011 and 2010

	2011						
	Case Management				Youth		Totals
	Region 2	Region 3	Region 4	Region 5	Development	Administration	
REVENUES	\$ 494,669	\$ 454,911	\$ 2,193,113	\$ 5,739	\$ 260,335	\$ 27,201	\$ 3,435,968
EXPENSES	<u>539,165</u>	<u>486,355</u>	<u>1,908,294</u>	<u>-</u>	<u>237,248</u>	<u>29,174</u>	<u>3,200,236</u>
Income (loss) before depreciation	(44,496)	(31,444)	284,819	5,739	23,087	(1,973)	235,732
DEPRECIATION	<u>488</u>	<u>-</u>	<u>12,228</u>	<u>-</u>	<u>-</u>	<u>1,283</u>	<u>13,999</u>
NET INCOME (LOSS)	<u>\$ (44,984)</u>	<u>\$ (31,444)</u>	<u>\$ 272,591</u>	<u>\$ 5,739</u>	<u>\$ 23,087</u>	<u>\$ (3,256)</u>	<u>\$ 221,733</u>
	2010						
	Case Management				Youth		Totals
	Region 2	Region 3	Region 4	Region 5	Development	Administration	
REVENUES	\$ 517,944	\$ 473,382	\$ 1,972,917	\$ 243,832	\$ 346,905	\$ 5,954	\$ 3,560,934
EXPENSES	<u>478,910</u>	<u>427,531</u>	<u>1,700,811</u>	<u>248,565</u>	<u>241,598</u>	<u>308,991</u>	<u>3,406,406</u>
Income (loss) before depreciation	39,034	45,851	272,106	(4,733)	105,307	(303,037)	154,528
DEPRECIATION	<u>532</u>	<u>-</u>	<u>10,465</u>	<u>1,682</u>	<u>-</u>	<u>1,634</u>	<u>14,313</u>
NET INCOME (LOSS)	<u>\$ 38,502</u>	<u>\$ 45,851</u>	<u>\$ 261,641</u>	<u>\$ (6,415)</u>	<u>\$ 105,307</u>	<u>\$ (304,671)</u>	<u>\$ 140,215</u>

CADENCE OF ACADIANA, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part I Summary of auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on Cadence of Acadiana, Inc.'s financial statements as of and for the year ended June 30, 2011.

Significant Deficiencies – Financial Reporting

There were no significant deficiencies or material weaknesses in internal control noted 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, 2011.

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, 2011, 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 of Schedule of Prior Year Findings
Year Ended June 30, 2011**

There were no prior year findings.

CADENCE OF ACADIANA, INC.

**Management's Corrective Action Plan
Year Ended June 30, 2011**

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