

SAVOY CANCER CENTER, INC.

Financial Report

Year Ended December 31, 2011

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 17 2012

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INDEPENDENT AUDITORS' REPORT

The Honorable Ricky Fontenot, Mayor
and Members of the Board of Aldermen.
Town of Mamou, Louisiana

We have audited the accompanying statement of financial position of Savoy Cancer Center, Inc. (a nonprofit organization), consisting of the Savoy Cancer Center Operations Fund and the Town of Mamou Cancer Center Building Fund as of December 31, 2011 and the related statements of activities and cash flows for the year 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 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Savoy Cancer Center, Inc. as of December 31, 2011 and the changes in its net assets and its cash flows for the year 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 June 21, 2012, on our consideration of Savoy Cancer Center, 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.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of the Savoy Cancer Center, Inc.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 21, 2012

FINANCIAL STATEMENTS

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Statement of Financial Position
December 31, 2011
With Comparative Totals for December 31, 2010

	Savoy Cancer Center Operations Fund	Town of Mamou Cancer Center Building Fund	Totals (Memorandum Only)	
	2011	2011	2011	2010
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 30,597	\$ 17,480	\$ 48,077	\$ 359,720
Accounts receivable, net	-	-	-	554,976
Due from Savoy Medical Center	-	-	-	1,549
Due from Savoy Cancer Center Operations Fund	-	22,835	22,835	-
Inventory	-	-	-	51,779
Prepaid expenses	-	1,274	1,274	7,274
Total current assets	<u>30,597</u>	<u>41,589</u>	<u>72,186</u>	<u>975,298</u>
Restricted assets:				
Interest bearing deposits:				
Revenue bond depreciation and contingency fund	-	200,414	200,414	192,743
Indigent patient care	-	-	-	63,586
Total restricted assets	<u>-</u>	<u>200,414</u>	<u>200,414</u>	<u>256,329</u>
Property and equipment, net	<u>-</u>	<u>2,572,927</u>	<u>2,572,927</u>	<u>2,787,323</u>
Total assets	<u>\$ 30,597</u>	<u>\$ 2,814,930</u>	<u>\$2,845,527</u>	<u>\$4,018,950</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,403
Accrued expenses	7,762	-	7,762	216,927
Compensated absences payable	-	-	-	22,417
Due to Town of Mamou Cancer Center Building Fund	22,835	-	22,835	-
Revenue bonds payable	<u>-</u>	<u>377,000</u>	<u>377,000</u>	<u>361,000</u>
Total current liabilities	30,597	377,000	407,597	606,747
Long - term liabilities				
Revenue bonds payable, net	<u>-</u>	<u>698,253</u>	<u>698,253</u>	<u>1,088,618</u>
Total liabilities	<u>30,597</u>	<u>1,075,253</u>	<u>1,105,850</u>	<u>1,695,365</u>
Net assets:				
Temporarily restricted for indigent patient care	-	-	-	63,586
Unrestricted and owned by Town of Mamou	<u>-</u>	<u>1,739,677</u>	<u>1,739,677</u>	<u>2,259,999</u>
Total net assets	<u>-</u>	<u>1,739,677</u>	<u>1,739,677</u>	<u>2,323,585</u>
Total liabilities and net assets	<u>\$ 30,597</u>	<u>\$ 2,814,930</u>	<u>\$2,845,527</u>	<u>\$4,018,950</u>

The accompanying notes are an integral part of this statement.

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Statement of Activities
Year Ended December 31, 2011
With Comparative Totals for Year Ended December 31, 2010

	Savoy Cancer Center Operations Fund	Town of Mamou Cancer Center Building Fund	Totals (Memorandum Only)	
	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2010</u>
Revenue and support:				
Revenue:				
Net patient service revenue	\$ -	\$ -	\$ -	\$3,682,355
Support:				
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,879</u>
Total revenue and support	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,821,234</u>
Expenses:				
Program services:				
Bad debts	113,654	-	113,654	-
Disposal service	297	-	297	4,490
Drugs and medications	20,770	-	20,770	2,372,482
Hospital meals	-	-	-	56
Maintenance contracts	-	-	-	90,999
Outside services	8,096	-	8,096	482,990
Salaries and benefits	1,331	-	1,331	267,977
Supplies and materials	<u>70</u>	<u>-</u>	<u>70</u>	<u>25,700</u>
Total program services	<u>144,218</u>	<u>-</u>	<u>144,218</u>	<u>3,244,694</u>
Support services:				
Advertising	-	-	-	2,806
Bond issue cost	-	11,818	11,818	11,818
Depreciation expense	-	214,396	214,396	219,962
Dues and subscriptions	312	-	312	2,942
Fundraising expense	-	-	-	56,832
Indigent care	61,481	-	61,481	78,775
Insurance	20,193	29,603	49,796	39,710
Legal and professional fees	21,301	-	21,301	23,892
Miscellaneous fees	3,501	304	3,805	25,027
Office supplies and expenses	1,850	-	1,850	15,980
Repairs and maintenance	-	-	-	21,010
Salaries and benefits	12,389	-	12,389	246,318
Telephone	46	-	46	18,817
Utilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,158</u>
Total support services	<u>121,073</u>	<u>256,121</u>	<u>377,194</u>	<u>814,047</u>
Total expenses	<u>265,291</u>	<u>256,121</u>	<u>521,412</u>	<u>4,058,741</u>

(continued)

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Statement of Activities (Continued)
Year Ended December 31, 2011

With Comparative Totals for Year Ended December 31, 2010

	Savoy Cancer Center Operations Fund 2011	Town of Mamou Cancer Center Building Fund 2011	Totals (Memorandum Only)	
	2011	2011	2011	2010
Deficiency of revenues over expenses	(265,291)	(256,121)	(521,412)	(160,317)
Nonoperating revenues (expenses):				
Transfers from (to) other funds	(526,319)	526,319	-	-
Appropriation from Town of Mamou	-	1,400	1,400	485,456
Interest income	98	1,407	1,505	1,839
Interest expense - revenue bonds	-	(65,401)	(65,401)	(81,634)
Total nonoperating revenues (expenses)	(526,221)	463,725	(62,496)	405,661
Change in net assets	(791,512)	207,604	(583,908)	168,154
Net assets, beginning	791,512	1,532,073	2,323,585	2,155,431
Net assets, ending	\$ -	\$ 1,739,677	\$ 1,739,677	\$ 2,323,585

The accompanying notes are an integral part of this statement.

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Statement of Cash Flows
Year Ended December 31, 2011
With Comparative Totals for Year Ended December 31, 2010

	Savoy Cancer Center Operations Fund <u>2011</u>	Town of Mamou Cancer Center Building Fund <u>2011</u>	Totals (Memorandum Only) <u>2011</u> <u>2010</u>	
Cash flows from operating activities:				
Deficiency of revenues over expenses	\$(265,291)	\$ (256,121)	\$ (521,412)	\$ (237,507)
Adjustments to reconcile deficiency of revenues over expenses to net cash provided (used) by operating activities:				
Depreciation	-	214,396	214,396	219,962
Bond issuance cost	-	11,818	11,818	11,818
(Increase) decrease in net accounts receivable	554,976	-	554,976	(19,448)
Decrease in due from Savoy Medical Center	1,549	-	1,549	9,783
Decrease in inventory	51,779	-	51,779	21,512
Decrease in prepaid expenses	-	6,000	6,000	3,766
Decrease in accounts payable	(6,403)	-	(6,403)	(98,666)
Increase (decrease) in accrued expenses	(209,165)	-	(209,165)	146,828
Increase (decrease) in compensated absences payable	(22,417)	-	(22,417)	2,797
Net cash provided (used) by operating activities	<u>105,028</u>	<u>(23,907)</u>	<u>81,121</u>	<u>60,845</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other fund	(526,319)	526,319	-	-
Appropriation from Town of Mamou	-	1,400	1,400	485,456
Net cash provided (used) by noncapital financing activities	<u>(526,319)</u>	<u>527,719</u>	<u>1,400</u>	<u>485,456</u>
Cash flows from capital financing activities:				
Principal paid on revenue bonds	-	(395,000)	(395,000)	(379,000)
Interest paid on revenue bonds	-	(56,584)	(56,584)	(72,818)
Net cash used by noncapital financing activities	<u>-</u>	<u>(451,584)</u>	<u>(451,584)</u>	<u>(451,818)</u>
Cash flows from investing activities:				
Interest received on interest-bearing deposits	98	1,407	1,505	1,839
Acquisition of property and equipment	-	-	-	(1,310)
Net cash provided by investing activities	<u>98</u>	<u>1,407</u>	<u>1,505</u>	<u>529</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (421,193)</u>	<u>\$ 53,635</u>	<u>(367,558)</u>	<u>95,012</u>
Cash and cash equivalents, beginning of year			<u>616,049</u>	<u>521,037</u>
Cash and cash equivalents, end of year			<u>\$ 248,491</u>	<u>\$ 616,049</u>

The accompanying notes are an integral part of this statement.

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization

The Town of Mamou (Town) owns the cancer treatment health care facilities located in Mamou, Louisiana, which are operated (See Note 2) by Savoy Cancer Center, Inc. (Center). The Center is a nonprofit organization incorporated on June 29, 1998. The Center was formed for the purpose of operating and managing a facility for treating cancer patients and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The direction, administration and management of the Center is governed by a Board of Directors or Trustees of not less than six (6) nor more than ten (10) members. The members serve terms of one to three years.

B. Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. As such, contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Those donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Center reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

C. Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid investments with a maturity of three months or less when purchased.

D. Accounts Receivable

Accounts receivable is reported net of an allowance for billing adjustments. The allowance is based on estimates using medical industry reimbursement standards and historical data maintained by the Savoy Cancer Center, Inc.

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Notes to Financial Statement (Continued)

E. Property and Equipment

The Town of Mamou owns all property and equipment. The cost of property and equipment, which has an expected useful life in excess of two years and an acquisition cost in excess of a specified price, is capitalized. Property and equipment are valued at historical cost and will be depreciated on a straight-line basis.

F. Donated Services and Materials

Contributions of services are recognized if the services received (a) create or enhance non-financial 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.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Income Taxes

The Center is a nonprofit organization and is exempt from Federal income tax as an organization described in Section 501(c) (3) of the Internal Revenue Code.

(2) Operating and Management Agreement

On September 16, 1999, an agreement was entered into between the Town and the Center for a fifteen-year (15) term. The Town is the owner of the cancer treatment facility and retains the services of the Center to provide experience, skills, supervision and necessary personnel for the operation and management of the facility. Various reporting and accountability requirements must be performed and submitted to the Town by the Center on a periodic basis. The Center will provide all services specified in the agreement at no fee to the Town.

The Town shall, on a monthly basis or intermittently, as determined by the Center, reimburse the Center for all operating expenses related to the operation and management of the facility. The Town is also required to maintain insurance coverage on behalf of the facility. This agreement may be terminated "for cause" by either party at any time during the term by giving written notice to the other. The Town has the right of termination without cause under specified circumstances in the agreement.

Effective December 31, 2010, the Town has terminated the Operating Agreement with the Center and has transferred operational control of the cancer treatment facility to Savoy Medical Center.

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Notes to Financial Statement (Continued)

(3) Concentration of Credit Risk

The Center maintains its cash balances at various financial institutions where they are insured by the Federal Deposit Insurance Corporation. There were no amounts in excess of insured limits at December 31, 2011.

(4) Restricted Assets

Restricted assets consisted of the following at December 31, 2011:

Revenue bond depreciation and contingency fund	<u>\$200,414</u>
--	------------------

(5) Property and Equipment

The following is a summary of property and equipment at December 31, 2011:

Building	\$2,641,444
Equipment	2,450,030
Furniture	<u>27,061</u>
Total property and equipment	5,118,535
Less: Accumulated depreciation	<u>(2,545,608)</u>
Total property and equipment, net	<u>\$2,572,927</u>

Depreciation expense for the year ended December 31, 2011 was \$214,396.

All property, plant and equipment are owned by the Town of Mamou and are used as security for the revenue bonds payable.

(6) Long-Term Liabilities

The revenue bonds relate to the construction of the Savoy Cancer Center facility by the Town of Mamou. The Town adopted resolutions that contain certain covenants and agreements relating to the payment of the bonds. As described in Note 6, certain sinking fund deposits are required for future payment of principal and interest, reserve and contingency needs. In February 2006 these bonds were refunded by the Town of Mamou.

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Notes to Financial Statement (Continued)

The long-term liability currently outstanding is as follows:

Revenue bonds, Series 2006

<u>Issued Amount</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
<u>\$3,289,000</u>	01/19/2006	09/01/2014	4.20%	<u>\$1,132,000</u>

During the year ended December 31, 2011, the following changes occurred in long-term liabilities transactions and balances:

	<u>Balance 01/01/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2011</u>	<u>Due Within One Year</u>
Revenue Bonds					
Series 2006	<u>\$ 1,527,000</u>	<u>\$ -</u>	<u>\$ 395,000</u>	\$ 1,132,000	<u>\$ 411,000</u>
Unamortized bond related items:					
Less: unamortized loss on refunding				(24,247)	
Less: issuance cost				<u>(32,500)</u>	
				<u>\$ 1,075,253</u>	

Long-term debt matures as follows:

<u>Years</u>	<u>Totals</u>
2012	377,000
2013	426,000
2014	<u>329,000</u>
	<u>\$ 1,132,000</u>

(7) Risk Management

The Center is exposed to risks of loss in the areas of general liability, management liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(8) Subsequent Event Review

The Center's management has evaluated subsequent events through June 21, 2012, the date which the financial statements were available to be issued.

**INTERNAL CONTROL
AND
COMPLIANCE**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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 GOVERNMENT AUDITING STANDARDS

The Honorable Ricky Fontenot, Mayor
and Members of the Board of Aldermen.
Town of Mamou, Louisiana

We have audited the financial statements of the Savoy Cancer Center, Inc. (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 21, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Savoy Cancer Center, 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 Savoy Cancer Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Savoy Cancer Center, Inc.'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 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Savoy Cancer Center, Inc.'s 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 Town's management, others within the organization, and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 21, 2012

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 2011

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (12/31/11) --						
<u>Internal Control:</u>						
		No findings noted.				
<u>Compliance:</u>						
		No findings noted.				
PRIOR YEAR (12/31/10) --						
<u>Internal Control:</u>						
		No findings noted.				
<u>Compliance:</u>						
10-1 (C)	2010	The Town of Mamou did not maintain a minimum balance of \$200,000 in the Depreciation and Contingency Fund as required by the Series 2006 Cancer Center Revenue Refunding Bond covenants. As of December 31, 2010, the balance in the Depreciation and Contingency Fund was \$192,743.	Yes	Management will replenish any monies used during the fiscal year from the Depreciation and Contingency Fund as soon as possible out of the earning of the Center after making the required payments into the respective funds set forth in the bond covenants.	Guy Pucheu, Town Clerk	6/30/2011

(continued)

SAVOY CANCER CENTER, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended December 31, 2011

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
<u>PRIOR YEAR (12/31/10) -- Management Letter:</u>						
10-2 (ML)	2009	The accounts receivable aging report has material credit balances outstanding. Management should review the listing on a monthly basis to determine the validity of all credit balances and make the appropriate adjustments and/or refunds.	Yes	Management will review the listing on a monthly basis to determine whether the credit balance is attributable to a required refund and/or a duplication of billing adjustment and make the appropriate remittance and/or correction.	Sam Zaunbrecher, Office Manager	4/30/2011
10-3 (ML)	2009	The accounts payable aging listing has material balances over 90 days. Audit procedures performed on these outstanding balances revealed that many invoices had been previously paid or voided resulting in the duplication of expenses/payables. Management should review the listing on a regular basis to investigate and correct any unusual items.	Yes	Management will review the listing during their weekly payment of bills in order to ensure items that are being paid are removed from the listing and to identify any unusual items.	Sam Zaunbrecher, Office Manager	4/30/2011