

LOUISIANA GUARDIANSHIP  
SERVICES, INC.  
900 N. S. HWY 21

**LOUISIANA GUARDIANSHIP  
SERVICES, INC.**

**FINANCIAL REPORT**

**JUNE 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 10-13-99

**LOUISIANA GUARDIANSHIP SERVICES, INC.**

**TABLE OF CONTENTS**

**JUNE 30, 1999**

	<u>Page</u>
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENT OF CASH FLOWS	4
STATEMENT OF FUNCTIONAL EXPENSES	6
NOTES TO FINANCIAL STATEMENTS	7-12
 <u>SPECIAL REPORTS OF INDEPENDENT AUDITOR</u>	
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	15
 <u>SPECIAL REPORTS OF MANAGEMENT</u>	
SCHEDULE OF PRIOR YEAR FINDINGS	16
MANAGEMENT CORRECTIVE ACTION PLAN	17

# **Reginald A. Bresette, III**

*A Professional Accounting Corporation*

---

## INDEPENDENT AUDITORS' REPORT

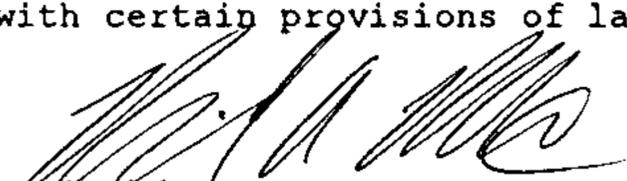
To the Board of Directors  
Louisiana Guardianship Services, Inc.

We have audited the accompanying statement of financial position of the Louisiana Guardianship Services, Inc. (the Company) (a nonprofit organization) as of June 30, 1999, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 Louisiana Guardianship Services, Inc. as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 1999, on our consideration of Louisiana Guardianship Services, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Reginald A. Bresette III, APAC  
Certified Public Accountants

Metairie, Louisiana  
August 23, 1999

**LOUISIANA GUARDIANSHIP SERVICES, INC.**

**STATEMENT OF FINANCIAL POSITION**

JUNE 30, 1999

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 9,796
Cash held in escrow for representative payees	96,898
Receivables:	
Grants (Note 2)	17,181
Prepaid payroll taxes	394
Assets restricted to investment in property, furniture, and equipment (Note 3)	
Cost, less accumulated depreciation of \$14,946	<u>11,010</u>
Total Assets	<u>\$ 135,279</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 3,648
Accrued vested annual leave benefits	11,431
Lease payable, net (Note 4)	3,334
Funds held in escrow (Note 5)	96,898
Bank line of credit (Note 6)	<u>8,876</u>
Total Liabilities	<u>124,187</u>

**Net Assets**

Unrestricted	<u>11,092</u>
Total Net Assets	<u>11,092</u>
Total Liabilities and Net Assets	<u>\$ 135,279</u>

(See notes to financial statements)

**LOUISIANA GUARDIANSHIP SERVICES, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Unrestricted</u>
<b>Support, Revenues and Reclassifications</b>	
Support	
Grant - Federal Government	\$ 28,470
Grant - State Of Louisiana	177,700
Contributions	<u>5,824</u>
Total Support	<u>211,994</u>
Revenues	
Investment income	194
Other revenue	<u>19,434</u>
Total Revenue	<u>19,628</u>
Total Support, Revenues and Reclassifications	<u>231,622</u>
<b>Expenses</b>	
Program services	225,644
Management and general	<u>15,392</u>
Total Expenses	<u>241,036</u>
<b>Decrease in Net Assets</b>	(9,414)
<b>Net Assets</b>	
Beginning of year	<u>20,506</u>
End of year	<u>\$ 11,092</u>

(See notes to financial statements)

**LOUISIANA GUARDIANSHIP SERVICES, INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1999

**Cash flows from operating activities:**

Cash received from the State of Louisiana	\$ 192,009
Cash received from the Federal Government	30,615
Cash collected from contributors	5,824
Interest received	194
Other revenue	19,434
Cash paid to employees	(153,274)
Fringe benefits	(25,344)
Travel	(16,902)
Office expense	(2,526)
Accounting and professional	(11,542)
Dues and subscriptions	(958)
Duplicating and printing	(803)
Education and conferences	(7,455)
Insurance	(2,545)
Postage	(1,498)
Rent	(8,630)
Telephone	(7,233)
Administrative costs	(943)
Interest expense	(644)

Net cash provided by operating activities 7,779

**Cash flows from investing activities:**

Fixed asset acquisitions	<u>(8,692)</u>
--------------------------	----------------

Net cash used by investing activities (8,692)

**Cash flows from financing activities:**

Proceeds from equipment leases	8,298
Payments on equipment lease	(5,886)
Proceeds from bank line of credit	10,000
Payments on bank line of credit	(5,724)
Employee advances	<u>212</u>

Net cash provided by financing activities 6,900

Net increase in cash 5,987

Cash at beginning of year 3,809

Cash at end of year \$ 9,796

(See notes to financial statements)

**LOUISIANA GUARDIANSHIP SERVICES, INC.**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1999

Reconciliation of change in net assets to net cash  
provided by operating activities:

Change in net assets	\$ (9,414)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,199
Amortization of lease interest	595
Decrease in receivables	16,455
Decrease in prepaid expenses	2,612
Decrease in accounts payable	(5,058)
Decrease in payroll taxes payable	(3,603)
Increase in vested annual leave benefits	<u>2,993</u>

Net cash provided by operating activities \$ 7,779

Supplemental data:

Interest paid \$ 644

(See notes to financial statements)

**LOUISIANA GUARDIANSHIP SERVICES, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>
Salaries	\$156,267	\$146,362	\$ 9,905
Accounting	7,075	7,075	
Conferences/training	7,455	7,455	
Dues and Subscriptions	958	958	
Insurance			
General	5,157	5,157	
Group	7,938	7,580	358
Depreciation	3,199		3,199
Interest expense	1,240		1,240
Miscellaneous	943	943	
Office supplies	2,526	2,526	
Payroll taxes	13,803	13,113	690
Postage	1,498	1,498	
Printing and duplication	803	803	
Professional	1,617	1,617	
Rent	8,630	8,630	
Telephone	7,233	7,233	
Travel	<u>14,694</u>	<u>14,694</u>	<u>          </u>
Total	<u>\$241,036</u>	<u>\$225,644</u>	<u>\$ 15,392</u>

**LOUISIANA GUARDIANSHIP SERVICES, INC.****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 1999****NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Louisiana Guardianship Services, Inc. (the Company) are prepared on the accrual basis of accounting and in accordance with the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, "Audits of Certain Nonprofit Organizations". Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The significant accounting policies followed are described below:

**a) Organization:**

The Company is a non-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S.47:121(5).

The Company is a private non-profit corporation organized to: (1) act as curator or continuing tutor for the person, property, or both, of adults in Louisiana in need of full or limited interdiction or continuing tutorship; (2) to act and be recognized as agency under contract with the State of Louisiana and its political subdivisions or any department, office, agency, board or commission of either, to perform curatorship or continuing tutorship services for Louisiana citizens pursuant to Title 9, Section 1031 et seq. of the Louisiana Revised Statutes, as amended; (3) to advance continuing legal education for judges and attorneys who are involved in interdiction and continuing tutorship proceedings; and (4) to identify the alternative agencies and existing resources within Louisiana which may meet the needs of Louisiana adults who are declined services by the corporation and to provide a system for referring such persons to these alternative agencies and resources.

Specific program objectives are to protect the rights and interests of mentally incapacitated persons in Louisiana with no one to make decisions on their behalf, the program will:

1. Act as limited or full curator for up to 105 persons during the fiscal year of program operation;
2. Provide joint training to DHH-OCDD (Department of Health and Hospitals-Office for Citizens with Developmental Disabilities) staff and others selected from the general public, service providers, and the legal community about the work of the Company and about all issues surrounding guardianship;
3. Give priority for guardianship services from DHH-OCDD facilities as determined by DHH-OCDD state office;
4. Refer persons who are not eligible for the Company's services

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

5. To require individuals referred to the Company from outside of DHH-OCDD facilities to be screened by DHH-OCDD for prioritization for curatorship assignment;
6. To provide continuing curatorship services to clients re-located from OCDD facilities to private/community placements. to alternative community resources;

Other specific program objectives are to provide guardianship services to elders who have no one willing or able to assume this responsibility, provide consultation to the legal system about guardianship issues, and education regarding alternatives to guardianship. The guardianship services provided include acting as full or limited guardian of an individual's financial, medical, and treatment planning needs.

The Company also provides additional services to the public as representative payee and court appointed guardian. As representative payee for disabled individuals the Company, at the request of the Social Security Administration or the individuals themselves, receives the individuals' benefits and manages their bills on their behalf. The disabled individuals are usually allowed to remain in their homes while the Company acts as representative payee. As court appointed guardian for individuals who are deemed incompetent, the Company may be ordered to manage the finances, medical, residential and treatment needs of each individual. The Company may also manage some or all of the affairs, including finances, of competent individuals who choose to voluntarily assign the Company Power of Attorney.

b) Accounting:

The Company reports gifts of property, furniture, 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 assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Company reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

c) Receivables:

Amounts of the government grants awarded and earned but not received at the end of the grant period, which corresponds to the Company's year end, are accrued as grant receivable at June 30, 1999.

d) Property, Furniture, and Equipment:

Property, furniture, and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets (seven years). One-half year's depreciation is taken in the year of purchase.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****e) Vested Annual Leave Benefits:**

Employees are entitled to paid vacations after six months of employment. Vacation time in excess of 160 hours cannot be accrued. Terminated employees will be paid for unused vacation leave if employed in excess of six months

Vested annual leave benefits are accrued and recorded as a liability when such compensated absences become non-forfeitable. These amounts are not charged as program expenses of Federal government grants or agency contracts, and are treated as non-allowed costs, until they are paid.

Sick leave accrues at eight hours per month, or ninety-six hours per year. There is no maximum accumulated sick leave. Sick leave does not vest with the employee and, therefore, is forfeited upon termination.

**f) Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

**g) 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.

**h) Cash and Cash Equivalents:**

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

**i) Other Support and Revenue Recognition:**

Cash donations are recorded as earned revenue when received.

**NOTE 2--GRANTS AND CONTRACTS FOR SERVICES RECEIVABLE**

The Company has incurred expenses on contracts open at June 30, 1999, in excess of contract fees for services received at that date. A receivable has been recorded on these contracts for the excess expenses as follows:

State of Louisiana Office of Mental Retardation/ Developmental Disabilities	\$ 14,808
State of Louisiana Office of Elderly Affairs	2,373
	<u>\$ 17,181</u>

**NOTE 3—PROPERTY, FURNITURE, AND EQUIPMENT**

Property, furniture, and equipment represents acquisitions of tangible personal property by funds provided to the Company by a Federal government grant, a contract for services by an agency funded by the State of Louisiana, or by unrestricted funds of the Company. The Company has the right to use these assets in the programs for which they were acquired.

The U.S. Department of Health and Human Services (DHHS), and the State of Louisiana retain an equitable interest in these capital assets which must be used for the specified program for which they were acquired. DHHS and the State of Louisiana retain the right to require transfer of the asset back to the Federal or State governments, but this is normally exercised only if the program for which the assets were acquired would be transferred from one grantee to another.

Property, furniture, and equipment consisted of the following at June 30, 1999:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 21,155	\$ 11,186	\$ 9,969
Furniture and fixtures	4,164	3,714	450
Leasehold improvements	637	46	591
	<u>\$ 25,956</u>	<u>\$ 14,946</u>	<u>\$ 11,010</u>

Depreciation expense for the year ended June 30, 1999 was \$3,199.

**NOTE 4—LEASE COMMITMENTS**

The Company leased office space for the main office in Metairie under a non cancelable agreement accounted for as an operating lease during the year ended June 30, 1999. The lease expired November 30, 1998.

Rental expense incurred under this lease was \$2,253 for the year ended June 30, 1999.

The company leased office space for their new main office in New Orleans under a non cancelable agreement accounted for as an operating lease during the year ended June 30, 1999. The lease expires January 31, 2000 with an option to renew for one more year.

Future minimum lease payments under this lease as of January 31, 2000 are \$6,909.

Rental expense incurred under this lease was \$5,922 for the year ended June 30, 1999.

The Company has also entered into a lease for a phone system with terms of four years. Based on the provisions of Statement No. 13, issued by the Financial Accounting Standards Board, the lease meets the criteria of a capital lease and, accordingly, has been recorded as such. This asset is reported at a cost of \$5,331. Depreciation of \$381 has been recognized to date.

**NOTE 4—LEASE COMMITMENTS (CONTINUED)**

Future minimum lease payments under the capital lease, together with the present value of minimum lease payments subsequent to June 30, 1999, are as follows:

June 30, 2000 through June 30, 2003	\$4,442
Less amount representing Interest	<u>2,636</u>
Present value of minimum lease payments	<u>\$1,806</u>

The company has also entered into a lease for a computer with terms of three years. Based on the provisions of Statements No. 13, issued by the Financial Accounting Standards Board, the lease meets the criteria of a capital lease and accordingly, has been recorded as such. This asset is reported at a cost of \$1,954. Depreciation of \$140 has been recognized to date.

Future minimum lease payments under the capital lease, together with the present value of minimum lease payments subsequent to June 30, 1999, are as follows:

June 30, 2000 through June 30, 2002	\$2,123
Less amount representing Interest	<u>595</u>
Present value of minimum Lease payments	<u>\$1,528</u>

**NOTE 5—FUNDS HELD IN ESCROW**

This balance represents funds held in a separate Louisiana Guardianship Services, Inc. bank account for the client trust accounts. Deposits are made to this account of the client's personal funds (social security, etc.) and disbursements are drawn from this account for the client's living expenses. The funds in the bank account are the property of the client.

**NOTE 6—BANK LINE OF CREDIT**

The Company has a bank line of credit which provides short-term borrowings up to \$10,000. Interest and principle on advances is payable monthly at the prime rate plus 3.25%, not to exceed a maximum annual rate of 21%. The outstanding balance is \$8,876 as of June 30, 1999.

**NOTE 7—CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES**

The Company receives grants and contracts for services from government agencies which comprises the majority of its revenue.

**NOTE 8—DONOR RESTRICTIONS**

During the fiscal year ended June 30, 1999, the Company received no funds with donor restrictions.

**NOTE 9—LITIGATION AND CLAIMS**

There is no pending litigation against the Company at June 30, 1999. Furthermore, the Company's management believes that any potential lawsuits would be adequately covered by insurance.

**NOTE 10—BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

**SPECIAL REPORTS OF INDEPENDENT AUDITOR**

# **Reginald A. Bresette, III**

*A Professional Accounting Corporation*

---

---

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Louisiana Guardianship Services, Inc.

We have audited the financial statements of Louisiana Guardianship Services, Inc. (the Company) as of and for the year ended June 30, 1999, and have issued our report thereon dated August 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller General of the United States.

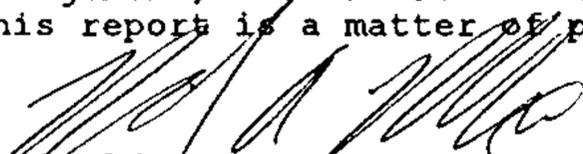
### Compliance

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, and the Louisiana Legislative Audit Advisory Committee. However, this report is a matter of public record and its distribution is not limited.



Reginald A. Bresette III, APAC  
Certified Public Accountants

August 23, 1999

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****For the Year Ended June 30, 1999**

We have audited the financial statements of Louisiana Guardianship Services, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated August 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States. Our audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

- a. Report on Internal Control and Compliance Material to the Financial Statements.

**Internal Control**

Material Weaknesses - None      Reportable Conditions - None

**Compliance**

Compliance Material to Financial Statements - No

- b. Federal Awards

**Internal Control**

Material Weaknesses - None      Reportable Conditions - None

**Compliance**

Compliance Material to Financial Statements - No

**Section II Financial Statement Findings**

There were no financial statement findings during the fiscal year ended June 30, 1999.

**Section III Federal Award Findings and Questioned Costs**

None.

**SPECIAL REPORTS OF MANAGEMENT**

**SCHEDULE OF PRIOR YEAR FINDINGS****For the Year Ended June 30, 1999****SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the financial statements.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

In regards to federal awards, Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the federal awards.

**SECTION III MANAGEMENT LETTER**

There was no management letter issued for the audit year ended June 30, 1998.

**MANAGEMENT CORRECTIVE ACTION PLAN****For the Year Ended June 30, 1999****SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the financial statements.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

In regards to federal awards, Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the federal awards.

**SECTION III MANAGEMENT LETTER**

There was no management letter issued for the audit year ended June 30, 1998.