

**LOUISIANA GUARDIANSHIP
SERVICES, INC.**

FINANCIAL REPORT

June 30, 2024 and 2023

LOUISIANA GUARDIANSHIP SERVICES, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana Guardianship Services, Inc.

Opinion

We have audited the accompanying financial statements of Louisiana Guardianship Services, Inc. (a nonprofit organization) (the Company), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Guardianship Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Guardianship Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Guardianship Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Guardianship Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director 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 December 30, 2024 on our consideration of Louisiana Guardianship Services, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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* in considering Louisiana Guardianship Services, Inc.'s internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 30, 2024

LOUISIANA GUARDIANSHIP SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 and 2023

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents (Note 2)	\$ 67,596	\$ 106,085
Cash held in escrow for representative payees (Note 6)	2,107,464	1,318,494
Receivables:		
Contracts for services (Note 3)	71,733	116,503
Other receivables	1,404	-
Prepaid expenses	-	5,390
Total Current Assets	2,248,197	1,546,472
Assets restricted to investment in property, furniture, and equipment cost, less accumulated depreciation (Note 5)		
	339	1,224
Operating right-of-use (ROU) lease asset (Note 8)	59,813	86,136
Other assets	-	300
Security deposits	1,878	1,578
Total Assets	\$ 2,310,227	\$ 1,635,710

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and other accrued expenses	\$ 4,159	\$ 15,976
Accrued vested annual leave benefits (Note 2)	23,826	26,423
Funds held in escrow (Note 6)	2,107,464	1,318,494
Operating ROU lease liability - current (Note 8)	24,752	23,951
Bank line of credit (Note 7)	4,751	12,860

Total Current Liabilities 2,164,952 1,397,704

Long-term liabilities

Operating ROU lease liability - noncurrent (Note 8)	32,689	59,813
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Total Liabilities 2,197,641 1,457,517

Net Assets

Without donor restrictions	112,586	178,193
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Total Net Assets 112,586 178,193

Total Liabilities and Net Assets **\$ 2,310,227** **\$ 1,635,710**

LOUISIANA GUARDIANSHIP SERVICES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2024 and 2023

	2024 Without Donor Restrictions	2023 Without Donor Restrictions
	<u> </u>	<u> </u>
Support and Revenues		
Support		
Contract - Federal Government	\$ 149,530	\$ 150,025
Contract - State of Louisiana	353,700	414,830
Contract - Other	83,971	85,697
	<u> </u>	<u> </u>
Total Support	587,201	650,552
Revenues		
Interest income	1,359	425
Contributed non-financial assets	8,438	8,655
Other revenue	20,000	9,221
	<u> </u>	<u> </u>
Total Revenue	29,797	18,301
	<u> </u>	<u> </u>
Total Support and Revenues	616,998	668,853
Expenses		
Program services	655,766	664,698
Management and general	25,952	26,238
Fundraising	887	-
	<u> </u>	<u> </u>
Total Expenses	682,605	690,936
	<u> </u>	<u> </u>
Increase (Decrease) in Net Assets	(65,607)	(22,083)
Net Assets, Beginning of Year	178,193	200,276
	<u> </u>	<u> </u>
Net Assets, End of Year	<u>\$ 112,586</u>	<u>\$ 178,193</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA GUARDIANSHIP SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows Provided By (Used In) Operating Activities		
Change in net assets	\$ (65,607)	\$ (22,083)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	885	1,505
Noncash lease expense - operating leases	26,323	25,555
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	43,366	(53,763)
(Increase) decrease in prepaid expenses	5,390	1,168
Increase in security deposits	-	(300)
Increase (decrease) in accounts payable	(11,817)	15,909
Increase in funds held in escrow	788,970	735,536
Increase (decrease) in accrued vested annual leave benefits	(2,597)	2,805
Change in lease liability - operating leases	(26,323)	(27,927)
	<u>758,590</u>	<u>678,405</u>
Cash Flows Provided By (Used In) Financing Activities		
Proceeds from bank line of credit	33,805	73,770
Payments on bank line of credit	(41,914)	(60,910)
	<u>(8,109)</u>	<u>12,860</u>
Net cash provided by (used in) financing activities		
	<u>750,481</u>	<u>691,265</u>
Net increase in cash, cash equivalents and cash held in escrow		
	<u>1,424,579</u>	<u>733,314</u>
Cash, cash equivalents and cash held in escrow at beginning of year		
	<u>\$ 2,175,060</u>	<u>\$ 1,424,579</u>
Cash, cash equivalents and cash held in escrow at end of year		
	<u><u> </u></u>	<u><u> </u></u>
Supplemental data:		
Interest paid	<u>\$ 1,215</u>	<u>\$ 1,062</u>
Operating ROU assets obtained in exchange for new operating lease liabilities	<u>\$ -</u>	<u>\$ 111,692</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA GUARDIANSHIP SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 and 2023

	2024				2023			
	Total	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising
Salaries	\$ 403,956	\$ 383,758	\$ 20,198	\$ -	\$ 396,018	\$ 376,217	\$ 19,801	\$ -
Accounting	16,379	16,379	-	-	21,001	21,001	-	-
Advertising	1,152	1,152	-	-	-	-	-	-
Conferences/training	10,589	10,589	-	-	12,435	12,435	-	-
Dues and subscriptions	7,703	7,703	-	-	1,558	1,558	-	-
Depreciation	885	18	867	-	1,505	30	1,475	-
Fundraising	887	-	-	887	-	-	-	-
Insurance								
General	15,613	15,613	-	-	14,604	14,604	-	-
Group	59,797	56,807	2,990	-	63,137	59,980	3,157	-
Interest expense	1,215	1,215	-	-	1,062	1,062	-	-
Miscellaneous	55,323	55,323	-	-	63,317	63,317	-	-
Occupancy (Note 8)	28,477	28,477	-	-	29,878	29,878	-	-
Office supplies	7,631	7,631	-	-	11,433	11,433	-	-
Payroll taxes	28,863	27,420	1,443	-	30,758	29,220	1,538	-
Pension (Note 9)	9,075	8,621	454	-	5,332	5,065	267	-
Postage	1,973	1,973	-	-	2,144	2,144	-	-
Printing and duplication	374	374	-	-	2,781	2,781	-	-
Telephone	6,855	6,855	-	-	7,117	7,117	-	-
Travel	25,858	25,858	-	-	26,856	26,856	-	-
	\$ 682,605	\$ 655,766	\$ 25,952	\$ 887	\$ 690,936	\$ 664,698	\$ 26,238	\$ -

The accompanying notes are an integral part of these financial statements.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES

Louisiana Guardianship Services, Inc. (the Company) which, according to its Articles of Incorporation, 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) act and be recognized as an 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) advance continuing legal education for judges and attorneys who are involved in interdiction and continuing tutorship proceedings; (4) 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; and (5) exercise all rights and powers conferred on non-profit corporations under the laws of Louisiana, and to perform any act incidental and necessary to the corporation's objects and purposes, including but not limited to the right to own, lease, acquire, encumber, sell or dispose of real or personal property, raise money by any appropriate activity, accept donations and make donations to other organizations exempt under Section 501(c)(3) of the Internal Revenue Code, whenever, in the opinion of the corporation's board of directors, said donations will foster the corporations purposes.

Specific program objectives of LDH-OCDD (Louisiana Department of Health-Office for Citizens with Developmental Disabilities) are to protect the rights and interests of mentally incapacitated persons in Louisiana with no one to make decisions on their behalf. Louisiana Clinical Services, Inc. (LCS) has appointed the Louisiana Department of Health, Office for Citizens with Developmental Disabilities as LCS's manager to assist LCS in administering its obligations under the Agreement. In connection with these activities, the Company has a contract with LCS to provide the following services:

1. To provide a curator, a continuing tutor or services leading to curatorship ("guardianship services") for persons, property or both of adults with developmental disabilities in Louisiana who are in need of full or limited interdiction or continuing tutorship.
2. The Company will provide visits to the person at least quarterly and make additional contacts as needed based on the person's needs and his Individual Habilitation Plan (IHP)/Plan of Support. Caseload sizes must not exceed 35 persons served per guardian.
3. The guardian will make decisions, based on what is in the person's best interest.
4. The Company will act as limited or full curator to provide services pending approval of curatorship for a minimum of 110 persons who have been approved for services by LCS and up to a maximum caseload of 35 persons per guardian.

Specific program objectives of GOEA (Governor's Office of Elderly Affairs) is to provide curatorship services to the most vulnerable seniors in Louisiana.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES (CONTINUED)

Specific program objectives of LDH/OAAS (Louisiana Department of Health-Office of Aging and Adult Services and Adult Protective Services) are to protect the rights and interests of mentally incapacitated persons in Louisiana with no one to make decisions on their behalf. Louisiana Clinical Services, Inc. (LCS) has appointed the Louisiana Department of Health, Office of Aging and Adult Services, Adult Protective Services, as LCS's manager to assist LCS in administering its obligations under the Agreement. In connection with these activities, the Company has a contract with LCS to provide the following services:

1. Upon the issuances of Letters of Curatorship or Continuing Tutorship, the Company will act as limited or full curator or continuing tutor for the persons, property, or both of adults in Louisiana with disabilities who have been approved for services by LCS.
2. Upon approval by the Social Security Administration, Veterans Administration, or other benefit providing entity, the Company shall provide money management services for adults with disabilities found to be in need of protective services who have been approved for services by LCS.
3. For "curatorship or continuing tutorship services," the Company will provide visits to the person at least monthly. A staff curator will attend all plan of care meetings on behalf of the client, make all decisions (residential, medical, financial, treatment, etc.) as authorized in the court's judgment; monitor all care provided to the person; and provide a monthly report to Manager, and annual report to the court. (Depending on the interdict's financial situation and the court order in regard to handling finances, some of the duties listed below may apply.)
4. For "money management" services, client will agree to have Social Security or SSI benefits directly deposited into the Company's pooled client account, and agree to have all bills and expenses mailed to the Company's business address. The Company will pay client bills, as finances permit, with the Company's pooled client account Money Management Program checks and provide the client with appropriate spending allowances, as finances permit. The Company will stay in regular contact with other agencies' social workers assisting the client, who will bring emergency and extraordinary needs to the Company's attention.

While the Company has always benefited from offering services on a private pay basis, the Board of Directors underwent a strategic planning process. The adopted plan anticipated significant increases in private pay revenues by increasing the Company's breadth and depth of services. Additional objectives of the services include:

1. LGSi is eligible to serve as court-appointed curator/guardian for adults who lack the capacity to make their own decisions. Mirroring its guardianship services provided under the contracts with LCS/LDH, LGSi also accepts and serves on a private-pay basis for those with means who require guardianship services. These services are provided based upon the fee schedule approved by the Board of Directors and as authorized by court order.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES (CONTINUED)

2. The Company provides money management and representative payee services on a private pay basis. Like its services provided under contract with LCS/LDH, as representative payee, the Company can be a trusted and responsible payee for public benefit programs such as social security payments. The Company provides all accounting and reporting to social security and assists in budgeting and bill payment. The Company can also be the payee for other benefits like annuities, retirement benefits, and long-term care benefits to help manage finances. These services are provided based upon the fee schedule approved by the Board of Directors and agreed to by a service agreement with the individual client.
3. The Company serves as agent under powers of attorney for individuals who have capacity to grant a POA but need assistance managing their affairs. The Company also serves as trustee for standalone trusts established for beneficiaries of any type. Our team of curators and attorneys have a vast understanding of care plans, trust & estate law, and public benefits to ensure affairs and Trusts are managed efficiently and within the bounds of the law. These services are provided based upon the fee schedule approved by the Board of Directors and agreed to by a service agreement with the individual client.
4. In August 2024, the Company established the Louisiana Guardianship Services Disability Pooled Trust, a pooled special needs trust designed to help individuals with disabilities manage their excess financial resources while maintaining eligibility for government benefits such as Medicaid and Supplemental Security Income (SSI). Managed by LGSI, the trust allows individuals to pool their resources for investment purposes while still retaining individual accounts. This structure provides cost-effective management of funds, which can be used to enhance the quality of life for beneficiaries by covering expenses not covered by public benefits, such as personal care services, transportation, and recreational activities. This is the first and only pooled trust established in Louisiana. These services are provided based upon the fee schedule approved by the Board of Directors and agreed to by a service agreement with the individual beneficiary. See NOTE 13.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Basis of Presentation - The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Company to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives at the Company. These net assets may be used at the discretion of the Company’s management and the board of directors.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. As of June 30, 2024, and 2023, respectively, the Company did not have any donor restricted contributions or donor restricted assets.

Cash, cash equivalents and cash held in escrow - For purposes of the statements of cash flows, the Company considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash held in escrow for representative payees is comprised of funds received through various retirement systems and the Social Security Administration, and is used to pay expenses for individuals in the program, see NOTE 6.

Receivables – Amounts expected to be collected within one year derived from federal and state contracts. Receivables are written off when deemed uncollectible which is not significantly different from the allowance method. At June 30, 2024 and 2023, management has deemed that no allowance for uncollectible amounts is necessary.

Fixed assets - All expenditures for leasehold improvements and equipment are capitalized.

Depreciation on leasehold improvements is provided by using the straight-line method over the estimated life of 10 years. Depreciation on equipment is provided by using the straight-line and the declining-balance method over the estimated useful lives of 5 to 7 years.

Functional expenses – The financial statements report certain categories of expenses that are attributable to one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include insurance, which is allocated by group covered, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Income taxes - 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 recognizes the financial impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2024 and June 30, 2023, the Company did not have any uncertain tax positions. Tax years ended June 30, 2021 and later remain subject to examination by taxing authorities.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. At June 30, 2024 and 2023, accrued vested annual leave benefits was \$23,826 and \$26,423, respectively.

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.

Contributed Nonfinancial Assets

For the year ended June 30, 2023, the Company adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets.

Louisiana Guardianship Services utilize various software suites to carry out the Company's objectives, which were donated to the Company during the fiscal year by board members. No payments for the software suite renewals were made by the Company. The amounts of \$8,438 and \$8,655, for 2024 and 2023, respectively, have been recognized in the accompanying Statements of Activities and Changes in Net Assets as contributed non-financial assets and program expenses under FASB ASC 958. The amount of support is estimated by using the fair value of the assets contributed.

Operating Right-of-Use Assets and Lease Liabilities

For the year ended June 30, 2023, the Company adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under this accounting standard, lessees are required to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability is equal to the present value of lease payments. The asset is based on the liability, subject to certain adjustments, such as for initial direct costs. For income statement purposes, a dual model was retained, requiring leases to be classified as either operating or financing leases.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Right-of-Use Assets and Lease Liabilities (Continued)

Operating leases result in straight-line expense (similar to operating leases under the prior accounting standard), while financing leases result in a front-loaded expense pattern (similar to capital leases under the prior accounting standard).

The Company determines if an arrangement contains a lease at the inception of a contract. Operating right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term and operating ROU lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating ROU assets and lease liabilities are recognized at the commencement date of the lease, renewal date of the lease or significant remodeling of the lease space based on the present value of the remaining future minimum lease payments.

As the interest rate implicit in the Company's operating leases is not readily determinable, the Company utilizes an incremental borrowing rate, determined by management, to discount the operating lease payments.

The Company's real estate lease contains options that permit renewals for additional periods of up to 2 years. For real estate leases, the options to extend are considered reasonably certain to be exercised at lease commencement because the Company has occupied the space for many years and it is not economically feasible for them to relocate. Generally, the renewal option periods are included within the lease term and the associated payments are included in the measurement of the right-of-use asset and lease liability.

Leases with an initial term of 12 months or less are not recorded on the balance sheet, and lease expense is recognized on a straight-line basis over the term of the short-term lease. For real estate leases, the Company accounts for lease components and non-lease components as a single lease component.

Revenue from Contracts with Customers

The Company earns revenue from contracts with the Louisiana Clinical Services (OCDD) and Louisiana Clinical Services (OAAS) to provide guardian/curatorship services to program individuals. Louisiana Clinical Services (OCDD) and Louisiana Clinical Services (OAAS) pays the Company a fixed monthly fee for the services. Additionally, the Company receives revenue from contracts with clients to provide legal services determined by the court system.

The performance obligations are met when guardianship services (curatorship, as described in Note 1) are provided based on the contract. These performance obligations are measured through monthly reporting. Invoices are submitted monthly for services rendered and earned in the prior month.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (Continued)

The Company also earns revenue from contracts with the Governor’s Office of Elderly Affairs that is based on a fixed monthly fee for the services. The performance obligation is to provide guardianship services (curatorship, as described in Note 1) which are measured through monthly service reports. Invoices are submitted monthly for services rendered and earned in the prior month.

NOTE 3 – CONTRACTS FOR SERVICES RECEIVABLE

The Company has the following contracts for services receivable at June 30, 2024 and 2023. Contracts for services receivable totaled \$62,740 at June 30, 2022.

	<u>2024</u>	<u>2023</u>
State of Louisiana Office for Citizens With Developmental	\$ 22,800	\$ 45,600
State of Louisiana Department of Health and Hospitals, Office of Aging and Adult Services	13,350	35,308
State of Louisiana Governor’s Office of Elderly Affairs	35,583	35,595
	<u>\$ 71,733</u>	<u>\$ 116,503</u>

NOTE 4 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the date of the statements of financial position comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 67,596	\$ 106,085
Contracts for services receivables	71,733	116,503
	<u>\$ 139,329</u>	<u>\$ 222,588</u>

As part of the Company’s liquidity management plan, the Company maintains a line of credit in the amount of \$30,000.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 5 – PROPERTY, FURNITURE, AND EQUIPMENT

Property, furniture, and equipment represent 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.

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 assets 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Property, furniture and equipment	\$ 57,172	\$ 57,172
Less: accumulated depreciation	<u>(56,833)</u>	<u>(55,948)</u>
Net book value	<u>\$ 339</u>	<u>\$ 1,224</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$885 and \$1,505 respectively.

NOTE 6 – FUNDS HELD IN ESCROW

This balance represents funds held in separate Louisiana Guardianship Services, Inc. bank accounts for the client trust accounts. Deposits are made to these accounts of the clients' personal funds (social security, etc.) and disbursements are drawn from these accounts for the clients' living expenses. The funds in the bank accounts are the property of the client and totaled \$2,107,464 and \$1,318,494 at June 30, 2024 and 2023, respectively.

NOTE 7 – BANK LINE OF CREDIT

The Company has an unsecured bank line of credit which provides short-term borrowings up to \$30,000. At June 30, 2024 and 2023, interest and principal on advances are payable monthly at an interest rate of 11.5%. The outstanding balance was \$4,751 and \$12,860 as of June 30, 2024 and 2023, respectively.

NOTE 8 – LEASE COMMITMENTS

The Company adopted ASU 2016-02, Leases (Topic 842) ("ASC 842") on July 1, 2023 on a modified retrospective basis. As a result, the Company's lease disclosures as of the years ended June 30, 2024 and 2023 are reported under ASC 842.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 8 – LEASE COMMITMENTS (CONTINUED)

The Company leases office space for their main office in Metairie, Louisiana under a non-cancelable agreement accounted for as an operating lease during the years ended June 30, 2024 and 2023. The lease was set to expire August 31, 2022. However, the lease agreement was amended to extend the lease term until August 31, 2026. Additionally, the lease agreement was amended to increase the monthly rental payment from \$1,780 to \$2,373 per month; effective October 15, 2023. The lease contains an option to automatically renew for a 2-year period at the conclusion of the initial term. This option is included in the related operating lease liability and operating lease right of use asset.

The following table is a summary of the components of net lease costs for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 28,476	\$ 28,476
Variable lease costs	-	-
Total lease costs	<u>\$ 28,476</u>	<u>\$ 28,476</u>

Supplemental cash flow information related to the lease for years ended June 30, 2024 and 2023 is as follows:

Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows paid for operating lease	\$ 26,323	\$ 27,927
Operating ROU asset obtained in exchange for lease liability:	\$ -	\$ 111,692
Operating lease ROU asset		

Supplemental balance sheet information related to the lease as of June 30, 2024 and 2023 is as follows:

Operating lease:		
Operating lease ROU asset	\$ 59,813	\$ 86,136
Current portion of operating ROU lease liability	24,752	23,951
Long-term operating ROU lease liability	<u>32,689</u>	<u>59,813</u>
	<u>\$ 57,441</u>	<u>\$ 83,764</u>

Weighted average remaining lease term (in months):		
Operating lease	26.00	38.00

Weighted average discount rate:		
Operating lease	3.00%	3.00%

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 8 – LEASE COMMITMENTS (CONTINUED)

The following table summarizes the maturity of lease liabilities under an operating lease as of June 30, 2024 and 2023:

	Total
2023 – 2024	\$ 26,104
2024 – 2025	28,476
2025 – 2026	4,746
Total lease payments	59,326
Less: imputed interest	(1,885)
Total ROU lease liability	<u>\$ 57,441</u>

Rent expense incurred under this lease was \$28,477 and \$26,104 for the years ended June 30, 2024 and 2023, respectively. The Company prepaid one month of rent in the amount of \$2,372 at June 30, 2024, thus reducing the current portion of the operating ROU lease liability by this amount.

NOTE 9 – EMPLOYEE PENSION PLAN

The Company adopted a Simple IRA plan that is available to all eligible employees. The Company has elected to match employee contributions up to 3% for 2024 compensation for each participating employee. The Company's obligation for contributions to the plan as of June 30, 2024 and 2023 was \$9,075 and \$5,332, respectively, which consisted entirely of the Company's employer matching contribution.

NOTE 10 – CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

The Company maintains its cash and cash equivalents in financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The cash balances, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Company receives contracts for services from government agencies, which comprises the majority of its revenues.

NOTE 11 – LITIGATION AND CLAIMS

There is no pending litigation against the Company as of June 30, 2024 and 2023. Furthermore, the Company's management believes that any potential lawsuits would be adequately covered by insurance.

LOUISIANA GUARDIANSHIP SERVICES, INC.

Notes to Financial Statements - Continued
For the Years Ended June 30, 2024 and 2023

NOTE 12 – BOARD OF DIRECTORS’ COMPENSATION

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

NOTE 13 – SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 30, 2024, which is the date the financial statements were available to be issued and determined no other event occurred that required accrual or disclosure, except as discussed in NOTE 1.

SUPPLEMENTAL INFORMATION

LOUISIANA GUARDIANSHIP SERVICES, INC.
Schedule of Compensation, Benefits, And Other
Payments to The Executive Director
For The Year Ended June 30, 2024

AGENCY HEAD NAME: Jason D. Asbill, Executive Director

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 95,000
Benefits - insurance	10,487
Benefits - retirement	950
Travel – field	<u>1,850</u>
Total	<u>\$ 108,287</u>

SPECIAL REPORTS OF INDEPENDENT AUDITOR

INDEPENDENT AUDITORS' 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

To the Board of Directors,
Louisiana Guardianship Services, Inc.

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 Louisiana Guardianship Services, Inc.(the Company)(a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company'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*.

Louisiana Guardianship Services, Inc.'s Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Company's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Company's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Company'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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 30, 2024

LOUISIANA GUARDIANSHIP SERVICES, INC.
SCHEDULE OF FINDINGS
For The Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITORS’ REPORTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting

Material Weakness(es) identified?	_____	Yes	_____	No
Significant deficiency(ies) identified that are not considered to be material weakness	_____	Yes	_____	None reported
Noncompliance material to the financial statements noted?	_____	Yes	_____	No

Federal Awards

Louisiana Guardianship Services, Inc. did not receive federal awards in excess of \$750,000 during the year ended June 30, 2024 and, therefore, is exempt from the audit requirements under the Single Audit Act and Uniform Guidance.

SECTION II – INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS MATERIAL TO THE BASIC FINANCIAL STATEMENTS

2024-001

Criteria:

Management is responsible for designing, implementing, and maintaining policies and procedures to provide a strong and effective internal control system to safeguard assets, prevent and detect misstatements and fraud, promote efficient and effective operations, and ensure fiscal responsibility.

Condition:

During our audit, we noted the segregation of duties between approving invoices, access to the accounting records and the custody of assets was not maintained with regard to payments made either by check or electronically.

Cause:

The Executive Director, who is responsible for the daily operations has the ability to record transactions, approve invoices and has the authority to sign checks and approve payments electronically.

LOUISIANA GUARDIANSHIP SERVICES, INC.
SCHEDULE OF FINDINGS – (CONTINUED)
For The Year Ended June 30, 2024

SECTION II – INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS MATERIAL TO THE BASIC FINANCIAL STATEMENTS - Continued

Cause: - continued

In addition, the bookkeeper has the ability to record transactions, is responsible for entering payments into the bank's bill-pay system, and has the authority to approve electronic payments.

Effect:

The conditions noted above represent a breakdown in internal controls over segregation of duties, which could result in fraud and the misappropriation of assets.

Recommendation:

We recommend that the Organization take the steps necessary to ensure proper segregation of duties which could include changing the Executive Director's access to the accounting records to read-only status, hiring a qualified third-party to record transactions and removing the authority to approve electronic payments from the bookkeeper.

Management's Response:

Management concurred with the recommendation. See management's corrective action plan.

SECTION III – FEDERAL AWARD FINDINGS

Not Applicable

SPECIAL REPORTS OF MANAGEMENT

LOUISIANA GUARDIANSHIP SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS
For the Year Ended June 30, 2024

SECTION I – INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS TO THE BASIC FINANCIAL STATEMENTS

None reported.

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

The Company did not receive federal awards in excess of \$750,000 for the year ended June 30, 2023, and therefore, this is not applicable.

SECTION III – MANAGEMENT LETTER

None reported.



December 27, 2024

Michael J. Waguespack
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

The following significant deficiency was found during the audit process.

2024-001

Condition:

During our audit, we noted the segregation of duties between approving invoices, access to the accounting records and the custody of assets was not maintained with regard to payments made either by check or electronically.

Recommendation:

We recommend that the Organization take the steps necessary to ensure proper segregation of duties which could include changing the Executive Director's access to the accounting records to read-only status, hiring a qualified third-party to record transactions and removing the authority to approve electronic payments from the bookkeeper.

Management's Response:

Management concurs with the audit finding and is committed to addressing the identified deficiencies to strengthen the Organization's internal control system. We acknowledge the importance of proper segregation of duties to safeguard assets, ensure fiscal responsibility, and promote efficient and effective operations.

Corrective Action Plan:

To resolve the issue and implement the recommended improvements, the Organization will take the following steps:

1. Immediate and Interim Actions

- Take steps to remove the executive director as a signor on the accounts.

- Remove bookkeeper's authority to approve electronic payments via positive pay and reassign those duties to account signors.
- Limit all account signers to read-only access to QuickBooks.
- These actions will be completed by **January 15, 2025**, and may be on an interim basis pending a full review of financial control policies.

2. Engage a Third-Party Accounting Professional:

- The Organization will hire a qualified third-party accounting professional who will, in conjunction with management, will assess current practices, review current policies, and make necessary revisions based on best practices and optimized operational efficiency.

3. Implementation Timeline:

- The new policies and procedures will be finalized and implemented by **March 1, 2025**.

Please accept the Organization's corrective action plan.

Best Regards,

A handwritten signature in blue ink, appearing to read "J. Asbill".

Jason D. Asbill, *Esq.*
Executive Director