

GUARDIANSHIP AND TRUSTS CORPORATION

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012**

GUARDIANSHIP AND TRUSTS CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Guardianship and Trusts Corporation
Nashville, Tennessee

We have audited the accompanying financial statements of Guardianship and Trusts Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Guardianship and Trusts Corporation as of June 30, 2013 and 2012, 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.

CPA Consulting Group, PLLC

Nashville, Tennessee
November 25, 2013

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 5,300	\$ 7,632
Accounts receivable	88,160	40,339
Prepaid expenses	3,833	2,689
TOTAL CURRENT ASSETS	<u>97,293</u>	<u>50,660</u>
PROPERTY AND EQUIPMENT – NET	<u>6,666</u>	<u>5,984</u>
OTHER ASSETS		
Security deposit	2,689	2,689
Temporarily Restricted Asset	4,920	4,920
	<u>7,609</u>	<u>7,609</u>
TOTAL ASSETS	<u>\$ 111,568</u>	<u>\$ 64,253</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,000	\$ 198
Wages payable	7,276	2,089
Accrued payroll taxes	1,344	1,128
Accrued vacation	10,288	12,661
Accrued employer contribution	300	91
Deferred rent (See Note 1)	6,378	5,970
TOTAL CURRENT LIABILITIES	<u>26,586</u>	<u>22,137</u>
NET ASSETS		
Unrestricted	76,300	34,906
Temporarily restricted	8,682	7,210
Permanently restricted	-	-
TOTAL NET ASSETS	<u>84,982</u>	<u>42,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 111,568</u>	<u>\$ 64,253</u>

See accompanying notes to financial statements and independent auditor's report.

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT								
Institutional service fees	\$ 12,399	\$ -	\$ -	\$ 12,399	\$ 13,316	\$ -	\$ -	\$ 13,316
Conservator and guardianship fees	230,799	-	-	230,799	201,339	-	-	201,339
Trustee fees	63,708	-	-	63,708	49,301	-	-	49,301
Contributions & Grants	50,106	35,487	-	85,593	57,107	26,514	-	83,621
Investment return	-	-	-	-	2	-	-	2
Other income	32	-	-	32	2	-	-	2
Net assets released from restrictions	34,015	(34,015)	-	-	26,524	(26,524)	-	-
TOTAL REVENUE AND OTHER SUPPORT	391,059	1,472	-	392,531	347,589	(10)	-	347,579
EXPENSES								
Program services								
Bank charges	154	-	-	154	153	-	-	153
Client expenses	-	-	-	-	21	-	-	21
Contract Services	-	-	-	-	225	-	-	225
Depreciation	1,299	-	-	1,299	703	-	-	703
Dues & subscriptions	1,748	-	-	1,748	1,246	-	-	1,246
Education & training	369	-	-	369	868	-	-	868
Equipment rental & maintenance	2,645	-	-	2,645	5190	-	-	5190
Employee benefits	19,213	-	-	19,213	18,159	-	-	18,159
Insurance	11,469	-	-	11,469	12,923	-	-	12,923
Interest	792	-	-	792	570	-	-	570
Licenses & permits	1,302	-	-	1,302	958	-	-	958
Office expense	3,631	-	-	3,631	4,448	-	-	4,448
Payroll taxes	12,841	-	-	12,841	12,023	-	-	12,023
Professional services	31,412	-	-	31,412	34,509	-	-	34,509
Regulatory Expense	1,000	-	-	1,000	858	-	-	858
Rent	27,729	-	-	27,729	27,567	-	-	27,567
Salaries	161,597	-	-	161,597	147,652	-	-	147,652
Tech support	514	-	-	514	2,468	-	-	2,468
Telephone	3,259	-	-	3,259	2,947	-	-	2,947
Travel/mileage/parking	6,572	-	-	6,572	6,166	-	-	6,166
Total program services	287,546	-	-	287,546	279,654	-	-	279,654
Support services								
Bank Charges	51	-	-	51	51	-	-	51
Contract Services	-	-	-	-	75	-	-	75
Depreciation	433	-	-	433	235	-	-	235
Dues & subscriptions	194	-	-	194	138	-	-	138
Employee benefits	3,623	-	-	3,623	4,540	-	-	4,540
Equipment rental & maintenance	467	-	-	467	1,297	-	-	1,297
Insurance	3,823	-	-	3,823	4,308	-	-	4,308
Interest	198	-	-	198	142	-	-	142
Licenses & permits	325	-	-	325	240	-	-	240
Moving Expense	-	-	-	-	2,317	-	-	2,317
Office expense	289	-	-	289	571	-	-	571
Payroll taxes	2,864	-	-	2,864	3,336	-	-	3,336
Professional services	5,169	-	-	5,169	5,938	-	-	5,938
Regulatory Expense	1,000	-	-	1,000	858	-	-	858
Rent	6,932	-	-	6,932	6,892	-	-	6,892
Salaries	36,041	-	-	36,041	40,965	-	-	40,965
Telephone	362	-	-	362	737	-	-	737
Travel/mileage/parking	348	-	-	348	685	-	-	685
Total support services	62,119	-	-	62,119	73,325	-	-	73,325
Fund raising	-	-	-	-	-	-	-	-
TOTAL EXPENSES	349,665	-	-	349,665	352,979	-	-	352,979
CHANGE IN NET ASSETS	41,394	1,472	-	42,866	(5,390)	(10)	-	(5,400)
NET ASSETS:								
BEGINNING OF YEAR	34,906	7,210	-	42,116	40,296	7,220	-	47,516
END OF YEAR	\$ 76,300	\$ 8,682	\$ -	\$ 84,982	\$ 34,906	\$ 7,210	\$ -	\$ 42,116

See accompanying notes to financial statements and independent auditor's report.

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 42,866	\$ (5,400)
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:		
Depreciation	1,732	938
Donated fixed assets included in contributions	-	(2,700)
(Increase) decrease in operating assets		
Accounts receivable	(47,821)	14,904
Prepaid expense	(1,144)	(2,689)
Security deposit	-	83
Increase (decrease) in operating liabilities		
Accounts payable	802	(1,801)
Accrued wages	5,187	(11,533)
Accrued vacation	(2,373)	4,328
Accrued payroll taxes	216	(552)
Accrued employer contribution	210	(157)
Deferred rent	407	5,970
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>82</u>	<u>1,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in stock	-	-
Purchase of property and equipment	(2,414)	(2,146)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(2,414)</u>	<u>(2,146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET DECREASE IN CASH	(2,332)	(755)
BEGINNING CASH	<u>7,632</u>	<u>8,387</u>
ENDING CASH	<u>\$ 5,300</u>	<u>\$ 7,632</u>

See accompanying notes to financial statements and independent auditor's report.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and Nature of Activities

The Guardianship and Trusts Corporation ("GTC") was incorporated under the laws of the State of Tennessee as a nonprofit organization in December 1980. In March 1983, GTC was issued a Certificate of Authority by the Tennessee Department of Banking to provide limited trust services. GTC was formed to provide financial, social advisory and other fiduciary services to persons with intellectual disabilities. Their services are provided in the capacity of trustee, guardian, conservator, and/or attorney-in-fact primarily in the Middle Tennessee area.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Estimates

The preparation of the 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

It is GTC's policy to capitalize property and equipment over \$100. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, GTC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. GTC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life ranging from five to seven years.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Conservator and Guardianship Fees

Fees are recognized when billed or a motion for such fees is made to the supervising court, discounted by any amounts management believes may be uncollectible. Consequently, no allowance is considered necessary.

Contributed Goods and Services

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Deferred Rent

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the Statement of Financial Position.

Income Taxes

GTC is a not-for-profit corporation that is exempt from income taxes on income under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Functional Allocation of Expenses

The costs of providing the programs and support services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

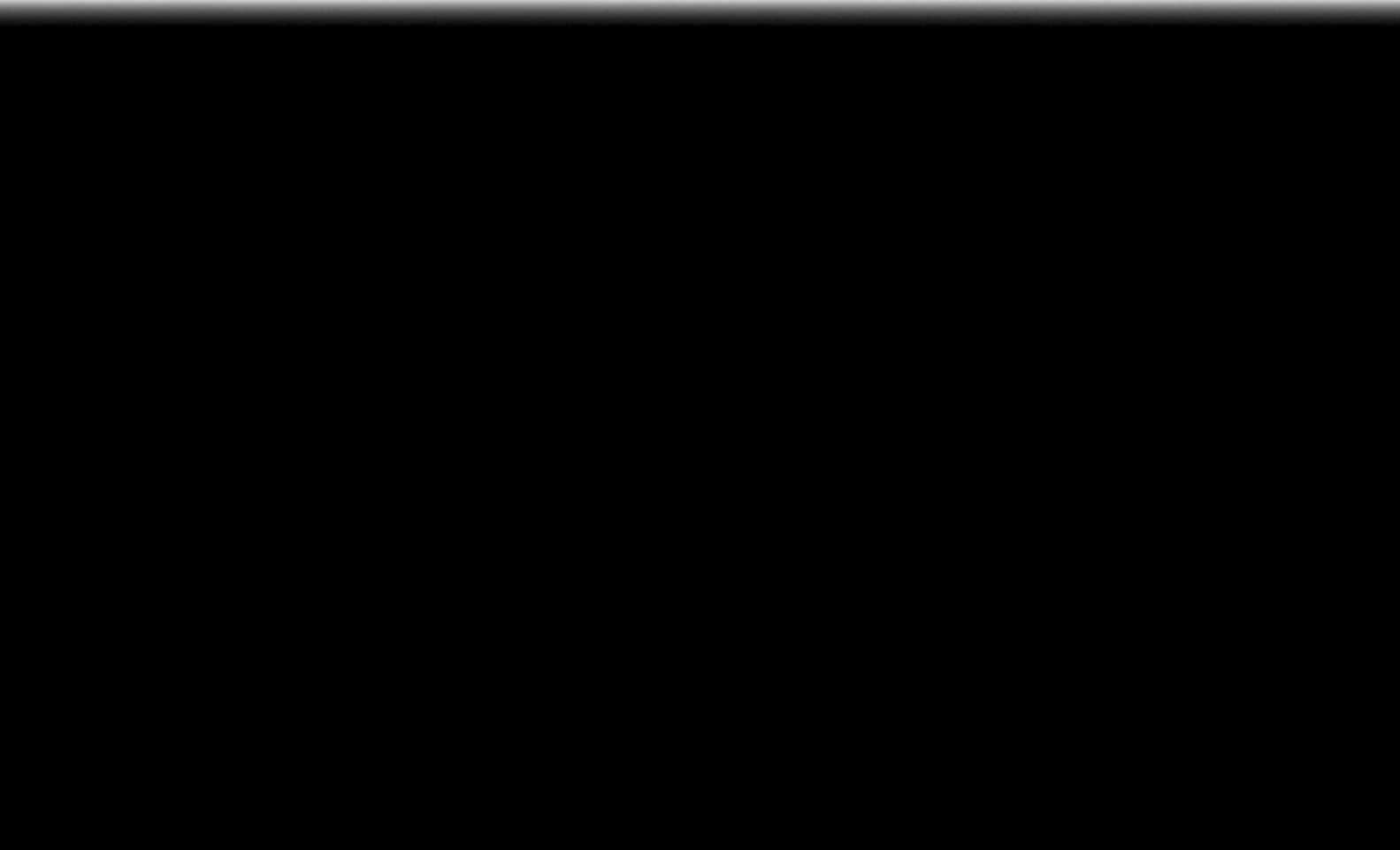
Management has evaluated subsequent events through November 25, 2013, the date the financial statements were available to be issued.

NOTE 2 - RESTRICTED CASH

GTC maintains separate accounts for funds from grants with restrictions and for funds restricted for fiduciary services. Funds are transferred to the operating account to be used for their intended purpose as specified in the restrictions. The fiduciary account includes certain board designation of unrestricted contributions. The grant account primarily holds funds received from foundations. Interest earned on these accounts is recorded as unrestricted as designated by the Board.

NOTE 3 – TEMPORARILY RESTRICTED ASSET

In prior years, GTC received several funeral plots for clients without the financial means for burial. These plots are released as the need arises. The balance of plots available as of June 30, 2013 and 2012 was \$4,920.



GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5 - LEASING ARRANGEMENTS (Continued)

On January 8, 2010, GTC entered into an operating lease agreement for a postage scale and meter. The lease requires quarterly payments of \$165 through December 8, 2013.

On June 30, 2011, GTC renegotiated its copier lease with R.J. Young. The lease requires monthly payments of \$178 through June 30, 2015. On August 2, 2012 the lease was renegotiated increasing the required monthly payments to \$211.

Future minimum lease payments under all operating leases are as follows:

		<u>Operating</u>
Fiscal year ending June 30,	2014	37,606
	2015	38,319
	2016	18,158
	2016	-
	2017	-
		<u>\$ 94,083</u>

Rent expense for each of the years ended June 30, 2013 and 2012 was \$34,661 and \$34,459 respectively. These expenses have been reported in various classifications based upon the related functional use.

NOTE 6 - DONATED SERVICES AND EXPENSES

The Organization recognizes contribution revenue for certain services received at their fair value. Those services include donated professional attorney and trustee services used in the Organization's program services and amounted to \$26,260 and \$28,900 for the years ending June 30, 2013 and 2012, respectively. These amounts are reported as both contribution and grant revenue and in the professional services expense on the Statement of Activities.

NOTE 7 - TRUST ASSETS

Assets held in Trust include all fiduciary assets held as trustee, conservator, guardian or attorney-in-fact. These assets totaled \$15,290,483 at June 30, 2013 and \$12,608,071 at June 30, 2012, and are not considered part of the GTC financial statements.

NOTE 8 - CASH FLOW INFORMATION

Interest expense for the years ended June 30, 2013 and 2012 was \$990 and \$712 respectively. There were no income taxes paid during the years ended June 30, 2013 or 2012.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 9 - CONTRACTS

GTC has several contracts to provide limited conservatorship services.

NOTE 10 - RESTRICTIONS ON NET ASSETS

Net assets were released from donor restrictions by incurring the expenses required for the intended purpose that was specified by the donors during the years ending June 30, 2013 and June 30, 2012.

NOTE 11 TEMPORARILY RESTRICTED GRANT

GTC received a \$3,662 grant to be used for the purchase of six computers, including software, licenses and installation to replace old computers. As of June 31, 2013, the Organization had the entire amount remaining from this grant to be used for its specified purpose.

NOTE 12 - RETIREMENT PLAN

GTC adopted a 401(k) retirement plan on January 1, 2002, and amended on January 1, 2010. The plan allows eligible employees to defer up to 25% of their annual compensation, pursuant to Section 401(k) of the Internal Revenue Code. The Organization matches 25% of employee contributions up to a maximum of 4% of the employee's salary. Employees must be full time and be at least 21 years of age to participate. Employees must exceed 500 hours of service to avoid a break in eligibility. Matching contributions vest at 100% after the employee has completed three years of service. Plan expenses incurred by GTC during the years ended June 30, 2013 and 2012 were \$3,056 and \$2,775 respectively.

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in the statement of financial position for cash and cash equivalents, receivables, and accounts payable approximate their fair value.

NOTE 14 – CONCENTRATIONS

GTC received one grant during the year ending June 30, 2013 that comprised 28% of total contributions and grants. The Organization received grant income from two funding sources during the year ending June 30, 2013 that comprised 41% of total contributions and grants.

NOTE 15 – SUBSEQUENT EVENTS

GTC was awarded a United Way grant in July of 2013. The amount of the grant is \$24,325 and is to be paid pro-rata on a monthly basis beginning in July 2013.