

GUARDIANSHIP AND TRUSTS CORPORATION

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2009 AND 2008**

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 statements of financial position of **Guardianship and Trusts Corporation** (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Guardianship and Trusts Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Guardianship and Trusts Corporation** as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CPA Consulting Group, PLLC

CPA Consulting Group, PLLC

December 7, 2009

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 25,230	\$ 84,786
Board Discretionary Account	482	545
Accounts receivable	164,149	134,524
Prepaid expenses	1,566	4,340
TOTAL CURRENT ASSETS	<u>191,427</u>	<u>224,195</u>
PROPERTY AND EQUIPMENT – NET	<u>3,681</u>	<u>2,149</u>
OTHER ASSETS		
Security deposit	2,772	2,772
Temporarily Restricted Asset	6,150	6,150
Investment in restricted stock	8,000	8,000
	<u>16,922</u>	<u>16,922</u>
TOTAL ASSETS	<u>\$ 212,030</u>	<u>\$ 243,266</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 295	\$ 573
Wages payable	7,451	5,569
Accrued payroll taxes	913	1,050
Accrued vacation	4,479	8,163
Accrued employer contribution	179	-
TOTAL CURRENT LIABILITIES	<u>13,317</u>	<u>15,355</u>
NET ASSETS		
Unrestricted	164,370	198,491
Temporarily restricted	26,343	21,420
Permanently restricted	8,000	8,000
TOTAL NET ASSETS	<u>198,713</u>	<u>227,911</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 212,030</u>	<u>\$ 243,266</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, 2009 AND 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT								
Institutional service fees	\$ 8,207	\$ -	\$ -	\$ 8,207	\$ 7,560	\$ -	\$ -	\$ 7,560
Conservator and guardianship fees	114,555	-	-	114,555	178,687	-	-	178,687
Attorney-in-fact fees	-	-	-	-	-	-	-	-
Trustee fees	43,719	-	-	43,719	45,014	-	-	45,014
Contributions & Grants	121,426	49,828	-	171,254	101,911	48,300	-	150,211
Investment income	474	-	-	474	660	-	-	660
Net assets released from restrictions	44,905	(44,905)	-	-	65,977	(65,977)	-	-
TOTAL REVENUE AND OTHER SUPPORT	333,286	4,923	-	338,209	399,809	(17,677)	-	382,132
EXPENSES								
Program services								
Bank charges	191	-	-	191	477	-	-	477
Client expenses	163	-	-	163	37	-	-	37
Client expenses -- funeral plots	-	-	-	-	4,291	-	-	4,291
Depreciation	784	-	-	784	2,386	-	-	2,386
Dues & subscriptions	664	-	-	664	1,142	-	-	1,142
Education & training	1,725	-	-	1,725	1,387	-	-	1,387
Equipment rental & maintenance	3,611	-	-	3,611	1,959	-	-	1,959
Employee benefits	15,594	-	-	15,594	18,538	-	-	18,538
Insurance	13,516	-	-	13,516	16,790	-	-	16,790
Licenses & permits	1,066	-	-	1,066	364	-	-	364
Miscellaneous	619	-	-	619	237	-	-	237
Office expense	5,890	-	-	5,890	4,338	-	-	4,338
Payroll taxes	12,328	-	-	12,328	13,249	-	-	13,249
Professional services	70,201	-	-	70,201	50,703	-	-	50,703
Rent	27,664	-	-	27,664	27,664	-	-	27,664
Salaries	140,840	-	-	140,840	154,612	-	-	154,612
Tech support	779	-	-	779	465	-	-	465
Telephone	3,086	-	-	3,086	4,088	-	-	4,088
Travel/mileage/parking	6,801	-	-	6,801	8,047	-	-	8,047
Total program services	305,522	-	-	305,522	310,774	-	-	310,774
Support services								
Bank Charges	64	-	-	64	159	-	-	159
Depreciation	261	-	-	261	795	-	-	795
Dues & subscriptions	74	-	-	74	-	-	-	-
Employee benefits	3,898	-	-	3,898	4,635	-	-	4,635
Equipment rental & maintenance	903	-	-	903	490	-	-	490
Gifts -- Memorials	-	-	-	-	-	-	-	-
Insurance	4,505	-	-	4,505	884	-	-	884
Licenses & permits	1,066	-	-	1,066	364	-	-	364
Miscellaneous	155	-	-	155	59	-	-	59
Office expense	738	-	-	738	396	-	-	396
Payroll taxes	2,481	-	-	2,481	4,598	-	-	4,598
Professional fees	10,014	-	-	10,014	1,293	-	-	1,293
Rent	6,916	-	-	6,916	6,916	-	-	6,916
Salaries	28,340	-	-	28,340	53,662	-	-	53,662
Telephone	771	-	-	771	1,022	-	-	1,022
Travel/mileage/parking	1,699	-	-	1,699	2,010	-	-	2,010
Total support services	61,885	-	-	61,885	77,283	-	-	77,283
Fund raising	-	-	-	-	-	-	-	-
TOTAL EXPENSES	367,407	-	-	367,407	388,057	-	-	388,057
CHANGE IN NET ASSETS	(34,121)	4,923	-	(29,198)	11,752	(17,677)	-	(5,925)
NET ASSETS:								
BEGINNING OF YEAR	198,491	21,420	8,000	227,911	186,739	39,097	8,000	233,836
END OF YEAR	\$ 164,370	\$ 26,343	\$ 8,000	\$ 198,713	\$ 198,491	\$ 21,420	\$ 8,000	\$ 227,911

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ (29,198)	\$ (5,925)
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:		
Depreciation	1,045	3,181
(Increase) decrease in operating assets		
Accounts receivable	(29,625)	13,268
Prepaid expense	2,773	(222)
Board Discretionary Account	63	216
Temporarily restricted asset	-	4,290
Security Deposit	-	(2,772)
Increase (decrease) in operating liabilities		
Accounts payable	(278)	313
Accrued wages	1,883	60
Accrued vacation	(3,684)	4,471
Accrued payroll taxes	(138)	346
Accrued employer contribution	<u>180</u>	<u>(55)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(56,979)</u>	<u>17,171</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(2,577)</u>	<u>-</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(2,577)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	(59,556)	17,171
BEGINNING CASH	<u>84,786</u>	<u>67,615</u>
ENDING CASH	<u>\$ 25,230</u>	<u>\$ 84,786</u>

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

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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 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.

Financial Statement Presentation

GTC has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 of five to seven years.

Investment in Restricted Stock

The investment in restricted stock is comprised of qualified real estate investment trust stock donated to the organization. It is stated at cost, which is its par value, which is the liquidating value in accordance with the stock restriction agreement.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

GTC has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Conservator and Guardianship Fees

Fees are recognized as the service is provided based on accumulated time, plus out-of-pocket expenses. Based on management experience and the nature of court authorized payments, fee adjustments are made at the time of fee motion. Consequently, no allowance is considered necessary.

Promises to Give

Contributions are recognized when the donor makes a promise to give to GTC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

GTC uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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. No amounts have been reflected in the statements for time donated by unpaid volunteers for GTC's leadership, activities and fund raising events, because the criteria for recognition under SFAS No. 116 has not been satisfied.

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 is not considered a private foundation.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through December 7, 2009, 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 United Way grants. Interest earned on these accounts is recorded as unrestricted as designated by the Board.

NOTE 3 – BOARD DISCRETIONARY ACCOUNT

The President of the Board was entrusted with a discretionary fund to be used for human resource purposes and is held in an attorney escrow account. Disbursements are made at his discretion and reported to the Board. The balance at June 30, 2009 and 2008 was \$482 and \$545, respectively.

NOTE 4 – 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, 2009 and 2008 was \$6,150.

NOTE 5 - INVESTMENTS

Investments for the years ended June 30, 2009 and 2008 were valued at \$8,000 and are permanently restricted. The cost of the investments is equal to the carrying value. Dividends from the stock were \$210 for the year ended June 30, 2009 and \$375 for the year ended June 30, 2008 and are included in unrestricted investment income in the statements of activities.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Office furniture & equipment	\$ 62,241	\$ 59,664
Accumulated depreciation	<u>(58,560)</u>	<u>(57,515)</u>
	<u>\$ 3,681</u>	<u>\$ 2,149</u>

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 7 - LEASING ARRANGEMENTS

On January 1, 2006, GTC entered into a five year operating lease agreement, for the rental of office space at \$2,881 per month, with a 10% service charge for payments not received by the 5th day of the month. The lease expires December 31, 2010.

On November 6, 2006, GTC entered into an operating lease agreement for a postage scale and meter. The lease requires quarterly payments of \$176 through January 1, 2010.

On October 1, 2008, GTC entered into an operating lease arrangement for the rental of a copier. The lease requires monthly payments of \$230. On December 1, 2008 the lease was amended to add additional scan features. The amended lease requires monthly payments of \$248 through September 30, 2011.

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

		<u>Operating</u>
Fiscal year ending June 30,	2010	37,908
	2011	20,266
	2012	744
	2013	-
	2014	-
		<u>\$ 58,918</u>

Rent expense for each of the years ended June 30, 2009 and 2008 was \$34,580. These expenses have been reported in various classifications based upon the related functional use.

NOTE 8 - 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 \$69,807 and \$49,055 for the years ending June 30, 2009 and 2008, respectively.

NOTE 9 - TRUST ASSETS

Assets held in Trust include all fiduciary assets held as trustee, conservator, guardian or attorney-in-fact. These assets totaled \$10,678,519 at June 30, 2009 and \$11,549,931 at June 30, 2008, and are not considered part of the GTC financial statements.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 10 - CASH FLOW INFORMATION

There were no income taxes paid or interest paid during the years ended June 30, 2009 or 2008.

NOTE 11 - CONTRACTS

GTC has several contracts to provide limited guardianship services.

NOTE 12 - 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 June 30, 2009 and 2008.

Permanently restricted net assets consist of preferred stock organized to qualify as a real estate investment trust. Dividends from the stock are unrestricted and are deposited into the operating account.

NOTE 13 - RETIREMENT PLAN

GTC adopted a 401(k) retirement plan on January 1, 2002, and amended on January 1, 2006. 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 at least 21 years of age to participate. 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, 2009 and 2008 were \$2,390 and \$2,551 respectively.

NOTE 14 – CONCENTRATIONS

GTC received grant income from two funding sources during the years ending June 30, 2009 and 2008, that comprised 29% of total contributions and grants.

NOTE 15– SUBSEQUENT EVENT

GTC was awarded a grant from United Way for the 2009 – 2010 fiscal year. Estimated revenues from the grant are expected to be \$24,670.