

2018
Financial Statements
With
Auditor's Letters

GUARDIANSHIP AND TRUSTS CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2018

(With Independent Auditor's Report Thereon)

GUARDIANSHIP AND TRUSTS CORPORATION
FINANCIAL STATEMENTS
JUNE 30, 2018

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-11



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Guardianship and Trusts Corporation

We have audited the accompanying financial statements of Guardianship and Trusts Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 of Guardianship and Trusts Corporation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Patterson Hardee & Ballentine

January 17, 2019

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current Assets:			
Cash	\$	49,312	
Accounts receivable		<u>38,671</u>	
Total current assets			\$ 87,983
Property and equipment, net			1,855
Asset Whose Use is Limited:			
Cash		<u>9,300</u>	
Total assets whose use is limited			9,300
Other Assets:			
Burial plots		60,695	
Security deposit		<u>2,689</u>	
Total other assets			<u>63,384</u>
Total assets			<u>\$ 162,522</u>
Current Liabilities:			
Accounts payable	\$	5,122	
Accrued expenses		13,211	
Deferred rent		<u>5,015</u>	
Total current liabilities			\$ 23,348
Net Assets:			
Unrestricted		128,611	
Unrestricted - board designated		<u>1,263</u>	
Total unrestricted net assets			129,874
Temporarily restricted		<u>9,300</u>	
Total restricted net assets			<u>9,300</u>
Total net assets			<u>139,174</u>
Total liabilities and net assets			<u>\$ 162,522</u>

See accompanying notes to the financial statements.

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues:				
Institutional service fees	\$ 18,391	\$ -	\$ -	\$ 18,391
Conservator and guardianship fees, net	167,543	-	-	167,543
Trustee fees	67,069	-	-	67,069
Contributions and grants	45,379	12,136	-	57,515
Other income	507	-	-	507
In-kind revenue	11,559	-	-	11,559
Net assets released from restrictions	35,543	(35,543)	-	-
Total support and revenues	<u>345,991</u>	<u>(23,407)</u>	<u>-</u>	<u>322,584</u>
Expenses:				
Program services:				
Fiduciary Activities	<u>312,965</u>	<u>-</u>	<u>-</u>	<u>312,965</u>
Total program services	<u>312,965</u>	<u>-</u>	<u>-</u>	<u>312,965</u>
Supporting services:				
Management and General	<u>50,141</u>	<u>-</u>	<u>-</u>	<u>50,141</u>
Total supporting services	<u>50,141</u>	<u>-</u>	<u>-</u>	<u>50,141</u>
Total expenses	<u>363,106</u>	<u>-</u>	<u>-</u>	<u>363,106</u>
Decrease in net assets	(17,115)	(23,407)	-	(40,522)
Net assets - beginning of year	<u>146,989</u>	<u>32,707</u>	<u>-</u>	<u>179,696</u>
Net assets - end of year	<u>\$ 129,874</u>	<u>\$ 9,300</u>	<u>\$ -</u>	<u>\$ 139,174</u>

See accompanying notes to the financial statements.

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Fiduciary Activities</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 188,688	\$ 33,298	\$ 221,986
Payroll taxes and benefits	19,547	3,449	22,996
Total personnel costs	208,235	36,747	244,982
Bank fees	121	-	121
Depreciation	2,015	356	2,371
Dues and subscriptions	1,603	-	1,603
Education and training	2,290	-	2,290
Equipment rental and maintenance	702	124	826
In-kind expense	11,559	-	11,559
Insurance	16,201	1,800	18,001
Interest	319	35	354
Licenses and permits	1,255	140	1,395
Office supplies	5,278	710	5,988
Professional services	8,979	5,229	14,208
Rent	38,099	4,233	42,332
Tech support	2,263	252	2,515
Telephone	3,740	515	4,255
Travel, mileage, and parking	10,306	-	10,306
Total expenses	<u>\$ 312,965</u>	<u>\$ 50,141</u>	<u>\$ 363,106</u>

See accompanying notes to the financial statements.

GUARDIANSHIP AND TRUSTS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash Flows From Operating Activities:

Decrease in net assets	\$	(40,522)
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Adjustments to reconcile decrease in net assets

Depreciation	\$	2,371
Changes in:		
Accounts receivable		1,662
Prepaid expenses		1,739
Asset whose use is limited		23,407
Accounts payable		5,122
Accrued expenses		1,062
Deferred rent		1,319
		36,682
Total adjustments		36,682
Net cash used in operating activities		(3,840)

Cash Flows from Investing Activities:

Purchase of property and equipment		(894)
Net cash used in investing activities		(894)

Net decrease in cash		(4,734)
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Cash - beginning of year		54,046
		54,046

Cash - end of year	\$	49,312
		49,312

SUPPLEMENTAL CASH FLOW INFORMATION:

Interest paid during the year ended June 30, 2018, was \$354.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The terms "we" "our" and "us" are also used throughout these notes to the financial statements to identify the Guardianship and Trusts Corporation ("GTC"). We were incorporated under the laws of the State of Tennessee as a nonprofit organization in December 1980. In March 1983, we were issued a Certificate of Authority by the Tennessee Department of Banking to provide limited trust services. We were formed to provide financial, social advisory, and other fiduciary services to persons with intellectual disabilities. Our services are provided in the capacity of trustee, guardian, conservator, and/or attorney-in-fact primarily in the Middle Tennessee area.

Program Services

The following program service is included in the accompanying financial statements:

Fiduciary Activities – We provide conservatorship, guardianship, attorney-in-fact and trustee services to persons with intellectual and other impairments who are unable to make informed and rational decisions and who are without family members or others who are able and willing to assist. The goal is to provide a reliable continuity to maximize resources and quality of life for our clients.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. As of June 30, 2018, there were no permanently restricted net assets.

Revenue Recognition

We recognize grants and other contributions of cash and other assets 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 which are met in the same year in which the contributions are received are classified as unrestricted contributions.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (continued)

Conservator and Guardianship Fees

We recognize fees when billed or when a motion for such fees is made to the supervising court, or an award of fees from the supervising court is made, discounted by any amounts management believes may be uncollectible. In accordance with nonprofit Generally Accepted Accounting Principles (GAAP) the revenue for conservator and guardianship fees are reported net of these discounts on the Statement of Activities.

Contributed Goods and Services

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services which 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all investment instruments purchased with original maturities of three months or less to be cash equivalents. At June 30, 2018, there were no cash equivalents.

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 Tax Status

We are a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising is expensed as incurred. For the year ended June 30, 2018, we had no advertising cost.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fair Values of Financial Instruments

The fair values of current assets, current liabilities, and restricted cash approximate to the carrying values due to the short maturities of these instruments and they are all Level 1 in the fair value hierarchy.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Our capitalization policy is to capitalize any expenditure over \$500 for any land, building, and equipment purchased. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At June 30, 2018, no assets were considered to be impaired.

Property and equipment donated with explicit restrictions regarding their use and contributions of cash which must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long the donated assets must be maintained, we report expirations of donor restrictions when the donated or acquired assets are placed in service and also reclassify the temporarily restricted net assets to unrestricted net assets concurrently.

NOTE 2 - Accounts Receivable

A summary of the accounts receivable held at June 30, 2018, is as follows:

Trust fees	\$ 3,430
Contract fees	1,448
Guardianship fees	<u>33,793</u>
	<u>\$ 38,671</u>

Discounts are netted against revenue at the time of service based on historical experience and our evaluation of accounts.

NOTE 3 - Property and Equipment, net

Property and equipment, net consisted of the following at June 30, 2018:

Equipment	\$ 15,795
Furniture	<u>10,467</u>
	26,262
Less: accumulated depreciation	<u>(24,407)</u>
	<u>\$ 1,855</u>

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - Burial Plots

We own burial plots at a local cemetery. These plots have a carrying value based on the fair value on the date of contribution, but are not remeasured at fair value annually in accordance with generally accepted accounting principles. The value of the plots was established by the cemetery where they are located when contributed. As of June 30, 2018, the carrying value of the plots were \$60,695. We are not aware of any effects on the value of the plots and we believe they are not considered to be impaired.

NOTE 5 - Accrued Expenses

At June 30, 2018, expenses were accrued for the following:

Accrued vacation	\$ 7,745
Accrued wages payable	<u>5,466</u>
	<u>\$ 13,211</u>

NOTE 6 - Board-Designated Net Assets

At June 30, 2018, we held assets whose use was designated by the board for the following purpose:

PH Fund	<u>\$ 1,263</u>
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NOTE 7 - Temporarily Restricted Net Assets

At June 30, 2018, we held assets whose use was temporarily restricted by donors or grantors as follows:

Grant Cash – Minimum Balance	\$ 50
GTC Grant Fund	<u>9,250</u>
	<u>\$ 9,300</u>

NOTE 8 - Leases

We lease certain equipment under leases classified as operating leases. Total rent expense under the leases for the year ended June 30, 2018, was \$42,322.

The following is a schedule of future minimum lease payments under the non-cancellable operating leases as of June 30, 2018:

Year Ending June 30,

2019	\$ 43,528
2020	42,560
2021	42,560
2022	<u>20,891</u>
	<u>\$ 149,539</u>

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - Retirement Plan

We adopted a 401(k) retirement plan on January 1, 2002, and amended on January 1, 2011. The plan allows eligible employees to defer up to 25% of their annual compensation, pursuant to Section 401(k) of the Internal Revenue Code. We match 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, and 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 us during the year ended June 30, 2018, were \$3,068.

NOTE 10 - Donated Services

We recognize contribution revenue for certain services received at their fair value. Those services include donated professional attorney and trustee services used in our program services and amounted to \$11,559 for the year ended June 30, 2018. These amounts are reported as in-kind revenue on the Statement of Activities and in-kind expense on the Statement of Functional Expenses.

NOTE 11 - Related Party Management of Fiduciary Accounts

We serve as the trustee of individual trust accounts, pooled trust accounts, and as the court appointed conservator or guardian of individual ward's assets by court appointment. As a corporate fiduciary chartered by the State of Tennessee, we are subject to regular examination of the Tennessee Department of Financial Institutions in regard to our management of fiduciary accounts. When serving as a court appointed fiduciary or guardian, we are subject to continued court supervision of the management and investment of client's assets. This includes the filing of an annual accounting unless specifically waived by the court. Assets held in a fiduciary capacity totaled \$19,107,078 for the year ending June 30, 2018. These amounts are not considered part of our financial statements and are not included in this audit of our accounts.

NOTE 12 - Contingency

We have a client who has been deceased for some time and whose conservatorship has not yet been closed or assets distributed. We are in the process of closing the conservatorship and have identified interested parties to open the estate.

NOTE 13 - Concentration

At June 30, 2018, 77% of all receivables were due from two clients.

NOTE 14 - New Pronouncements

In May 2014, FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Update provides guidance about recording contract revenue on an organization's statement of activities. The amendments in this Update are effective for annual periods beginning after December 15, 2018, and for annual periods and interim periods thereafter with early adoption permitted for annual periods beginning after December 15, 2016. We are currently evaluating the impact of adopting this statement.

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2019, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

GUARDIANSHIP AND TRUSTS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – New Pronouncements (continued)

In August 2016, FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Update provides guidance about the presentation of financial statements for non-profit organizations. The amendments in this Update are effective for annual periods beginning after December 15, 2018, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the Statement of Cash Flows. The amendments will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of adopting this statement.

In November 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for the organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting this guidance on the financial statements.

NOTE 15 - Subsequent Events

We have evaluated events subsequent to the year ended June 30, 2018. As of January 17, 2019, the date that the financial statements were available to be issued, we are not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

January 17, 2019

To the Board of Directors of
Guardianship and Trusts Corporation

We have audited the financial statements of Guardianship and Trusts Corporation (the "Organization") for the year ended June 30, 2018, and we will issue our report thereon dated January 17, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 21, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Guardianship and Trusts Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate for the discounts of conservator fees which is based on management's and a third party court official's review of service fees generated for a client during a certain time period. We evaluated the key factors and assumptions used to develop the discounts of conservator fees in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Significant Accounting Policies in Note 1 to the financial statements explaining the basis of allocation of functional expenses into their appropriate functional categories.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

There were difficulties encountered in planning and performing the audit due to an inadequate and out of date accounting software used by management.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit of procedures were corrected by management: accounts receivable, accruals and equity.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 17, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use of the Board of Directors and Management of Guardianship and Trusts Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Patterson Handee & Ballentine



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

To the Board of Directors of
Guardianship and Trust Corporation

In planning and performing our audit of the financial statements of Guardianship and Trust Corporation (the "Organization") as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Guardianship and Trust Corporation's internal control over financial reporting ("internal control") as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in Guardianship and Trust Corporation's internal control to be material weaknesses:

The accounting software utilized by Guardianship and Trust Corporation is inappropriate for an organization of its size and complexity. The software does not allow management to record / track material balances such as accounts receivable and accounts payable as well as amounts that while not material, are required for disclosure on the Organization's balance sheet.

Further, resulting from these limitations, management is unable to analyze receivable amounts from an aging perspective or further calculate an allowance for uncollectible accounts. It is for this reason that accounts receivable are recorded only upon fee motion or subsequent collection. Lastly, management cannot record proposed audit entries. We recommend upgrading to a system to a dual entry system such as QuickBooks.

This communication is intended solely for the information and use of management the Guardianship and Trust Corporation, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Patterson Hardee & Ballentine

January 17, 2019