

**GUARDIANSHIP AND TRUSTS CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2012 AND 2011**

# GUARDIANSHIP AND TRUSTS CORPORATION

## Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report .....</b>	<b>1</b>
<b>Financial Statements:</b>	
Statements of Financial Position.....	2
Statements of Activities .....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5 - 10



## (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, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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, 2012 and 2011, 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*

Nashville, Tennessee  
November 14, 2012

**GUARDIANSHIP AND TRUSTS CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 7,632	\$ 8,387
Accounts receivable	40,339	55,243
Prepaid expenses	2,689	-
<b>TOTAL CURRENT ASSETS</b>	<u>50,660</u>	<u>63,630</u>
<b>PROPERTY AND EQUIPMENT – NET</b>	<u>5,984</u>	<u>2,076</u>
<b>OTHER ASSETS</b>		
Security deposit	2,689	2,772
Temporarily Restricted Asset	4,920	4,920
	<u>7,609</u>	<u>7,692</u>
<b>TOTAL ASSETS</b>	<u>\$ 64,253</u>	<u>\$ 73,398</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 198	\$ 2,000
Wages payable	2,089	13,622
Accrued payroll taxes	1,128	1,680
Accrued vacation	12,661	8,333
Accrued employer contribution	91	247
Deferred rent (See Note 1)	5,970	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>22,137</u>	<u>25,882</u>
<b>NET ASSETS</b>		
Unrestricted	34,906	40,296
Temporarily restricted	7,210	7,220
Permanently restricted	-	-
<b>TOTAL NET ASSETS</b>	<u>42,116</u>	<u>47,516</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 64,253</u>	<u>\$ 73,398</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, 2012 AND 2011**

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>								
Institutional service fees	\$ 13,316	\$ -	\$ -	\$ 13,316	\$ 10,235	\$ -	\$ -	\$ 10,235
Conservator and guardianship fees	201,339	-	-	201,339	202,596	-	-	202,596
Trustee fees	49,301	-	-	49,301	46,321	-	-	46,321
Contributions & Grants	57,107	26,514	-	83,621	100,360	34,370	-	134,730
Investment income	2	-	-	2	140	-	-	140
Net assets released from restrictions	26,524	(26,524)	-	-	40,170	(32,170)	(8,000)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>347,589</b>	<b>(10)</b>	<b>-</b>	<b>347,579</b>	<b>399,822</b>	<b>2,200</b>	<b>(8,000)</b>	<b>394,022</b>
<b>EXPENSES</b>								
Program services								
Bank charges	153	-	-	153	211	-	-	211
Client expenses	21	-	-	21	96	-	-	96
Client expenses – funeral plots	-	-	-	-	-	-	-	-
Contract Services	225	-	-	225	-	-	-	-
Depreciation	703	-	-	703	497	-	-	497
Dues & subscriptions	1,246	-	-	1,246	761	-	-	761
Education & training	868	-	-	868	1,034	-	-	1,034
Equipment rental & maintenance	5190	-	-	5190	972	-	-	972
Employee benefits	18,159	-	-	18,159	18,678	-	-	18,678
Insurance	12,923	-	-	12,923	13,715	-	-	13,715
Interest	570	-	-	570	928	-	-	928
Licenses & permits	958	-	-	958	1,610	-	-	1,610
Office expense	4,448	-	-	4,448	6,591	-	-	6,591
Payroll taxes	12,023	-	-	12,023	11,350	-	-	11,350
Professional services	34,509	-	-	34,509	68,140	-	-	68,140
Regulatory Expense	858	-	-	858	-	-	-	-
Rent	27,567	-	-	27,567	27,664	-	-	27,664
Salaries	147,652	-	-	147,652	138,713	-	-	138,713
Tech support	2,468	-	-	2,468	-	-	-	-
Telephone	2,947	-	-	2,947	3,254	-	-	3,254
Travel/mileage/parking	6,166	-	-	6,166	7,821	-	-	7,821
Total program services	279,654	-	-	279,654	302,035	-	-	302,035
Support services								
Bank Charges	51	-	-	51	70	-	-	70
Contract Services	75	-	-	75	-	-	-	-
Depreciation	235	-	-	235	166	-	-	166
Dues & subscriptions	138	-	-	138	85	-	-	85
Employee benefits	4,540	-	-	4,540	4,669	-	-	4,669
Equipment rental & maintenance	1,297	-	-	1,297	243	-	-	243
Insurance	4,308	-	-	4,308	4,572	-	-	4,572
Interest	142	-	-	142	232	-	-	232
Licenses & permits	240	-	-	240	402	-	-	402
Moving Expense	2,317	-	-	2,317	-	-	-	-
Office expense	571	-	-	571	1,053	-	-	1,053
Payroll taxes	3,336	-	-	3,336	3,864	-	-	3,864
Professional services	5,938	-	-	5,938	7,262	-	-	7,262
Regulatory Expense	858	-	-	858	-	-	-	-
Rent	6,892	-	-	6,892	6,916	-	-	6,916
Salaries	40,965	-	-	40,965	47,219	-	-	47,219
Telephone	737	-	-	737	813	-	-	813
Travel/mileage/parking	685	-	-	685	1,957	-	-	1,957
Total support services	73,325	-	-	73,325	79,523	-	-	79,523
Fund raising	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>352,979</b>	<b>-</b>	<b>-</b>	<b>352,979</b>	<b>381,558</b>	<b>-</b>	<b>-</b>	<b>381,558</b>
<b>CHANGE IN NET ASSETS</b>	<b>(5,390)</b>	<b>(10)</b>	<b>-</b>	<b>(5,400)</b>	<b>18,264</b>	<b>2,200</b>	<b>(8,000)</b>	<b>12,464</b>
<b>NET ASSETS:</b>								
<b>BEGINNING OF YEAR</b>	<b>40,296</b>	<b>7,220</b>	<b>-</b>	<b>47,516</b>	<b>22,032</b>	<b>5,020</b>	<b>8,000</b>	<b>35,052</b>
<b>END OF YEAR</b>	<b>\$ 34,906</b>	<b>\$ 7,210</b>	<b>\$ -</b>	<b>\$ 42,116</b>	<b>\$ 40,296</b>	<b>\$ 7,220</b>	<b>\$ -</b>	<b>\$ 47,516</b>

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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ (5,400)	\$ 12,464
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:		
Depreciation	938	662
Donated fixed assets included in contributions	(2,700)	-
(Increase) decrease in operating assets		
Accounts receivable	14,904	(28,653)
Prepaid expense	(2,689)	-
Security deposit	83	-
Increase (decrease) in operating liabilities		
Accounts payable	(1,801)	1,238
Accrued wages	(11,533)	6,185
Accrued vacation	4,328	(3,074)
Accrued payroll taxes	(552)	238
Accrued employer contribution	(157)	125
Deferred rent	5,970	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,391</u>	<u>(10,815)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in stock	-	8,000
Purchase of property and equipment	(2,146)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(2,146)</u>	<u>8,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET DECREASE IN CASH</b>	(755)	(2,815)
<b>BEGINNING CASH</b>	<u>8,387</u>	<u>11,202</u>
<b>ENDING CASH</b>	<u>\$ 7,632</u>	<u>\$ 8,387</u>

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

**GUARDIANSHIP AND TRUSTS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**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 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.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase.

**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, 2012 AND 2011**

**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 is not considered a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2012, 2011, and 2010 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, 2012 AND 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

Management has evaluated subsequent events through November 14, 2012, 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, 2012 and 2011 was \$4,920.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2012</u>	<u>2011</u>
Office furniture & equipment	\$ 55,652	\$ 62,241
Accumulated depreciation	(49,668)	(60,165)
	<u>\$ 5,984</u>	<u>\$ 2,076</u>

**NOTE 5 - 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 5<sup>th</sup> day of the month. The lease expired December 31, 2010. GTC leased on a month to month basis from January 2011 until November 2011 when they signed a new lease agreement for office space at a different location. The new office lease requires monthly payments of \$2,689 for the first year with payments beginning in January of 2012 with 3% annual increases in rent thereafter. The lease expires December 31, 2016.

**GUARDIANSHIP AND TRUSTS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**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 with renegotiated increasing the required monthly payments to \$211. (See Note 15).

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

		<u>Operating</u>
Fiscal year ending June 30,	2013	36,924
	2014	37,606
	2015	38,319
	2016	18,158
	2017	-
		<u>\$ 131,007</u>

Rent expense for each of the years ended June 30, 2012 and 2011 was \$34,459 and \$34,580 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 \$28,900 and \$63,568 for the years ending June 30, 2012 and 2011, 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 \$12,608,071 at June 30, 2012 and \$13,534,787 at June 30, 2011, and are not considered part of the GTC financial statements.

**NOTE 8 - CASH FLOW INFORMATION**

Interest expense for the years ended June 30, 2012 and 2011 was \$712 and \$1,160 respectively. There were no income taxes paid during the years ended June 30, 2012 or 2011.

**GUARDIANSHIP AND TRUSTS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**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, 2012 and June 30, 2011.

**NOTE 11 TEMPORARILY RESTRICTED GRANT**

GTC received a \$2,190 grant to be used for the purchase of five iPads to enable contact between field staff and the office. As of June 31, 2012, 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, have three months of service, and 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, 2012 and 2011 were \$2,775 and \$2,858 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, 2012 that comprised 29% of total contributions and grants. The Organization received grant income from two funding sources during the year ending June 30, 2012 that comprised 32% of total contributions and grants.

**NOTE 15 – SUBSEQUENT EVENTS**

GTC was awarded a United Way grant in July of 2012. The amount of the grant is \$24,325 and is to be paid pro-rata on a monthly basis beginning in July 2012.

GTC was awarded a Stratton Foster grant in July of 2012. The amount of the grant is \$7,500.

**GUARDIANSHIP AND TRUSTS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**NOTE 15 – SUBSEQUENT EVENTS (CONTINUED)**

On August 2, 2012, GTC renegotiated its copier lease with R.J. Young increasing the required monthly payment from \$178 to \$211.