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**LOUISIANA GUARDIANSHIP
SERVICES, INC.**

FINANCIAL REPORT

JUNE 30, 2006 AND 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-10-07

LOUISIANA GUARDIANSHIP SERVICES, INC.

TABLE OF CONTENTS

JUNE 30, 2006 AND 2005

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	1
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENTS OF CASH FLOWS	4 - 5
STATEMENTS OF FUNCTIONAL EXPENSES	6
NOTES TO FINANCIAL STATEMENTS	7 - 12
<u>SPECIAL REPORTS OF INDEPENDENT AUDITOR</u>	
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	15
<u>SPECIAL REPORTS OF MANAGEMENT</u>	
SCHEDULE OF PRIOR YEAR FINDINGS	17
MANAGEMENT CORRECTIVE ACTION PLAN	18

Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

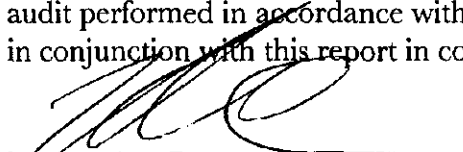
To the Board of Directors
Louisiana Guardianship Services, Inc.

We have audited the accompanying statements of financial position of the Louisiana Guardianship Services, Inc. (the Company) (a nonprofit organization) as of June 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Company'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 provided 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 Louisiana Guardianship Services, Inc. as of June 30, 2006 and 2005, 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.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2006, 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.


Reginald A. Bresette III, LLC
Certified Public Accountants
December 22, 2006

LOUISIANA GUARDIANSHIP SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2006 and 2005

ASSETS

	<u>2006</u>	<u>2005</u>
Current Assets		
Cash held in escrow for representative payees	\$ 165,997	\$ 146,841
Receivables:		
Grants (Note 2)	23,130	22,047
Total Current Assets	<u>189,127</u>	<u>168,888</u>
Assets restricted to investment in property, furniture, and equipment (Note 3)		
Cost, less accumulated depreciation	5,360	8,350
Security deposits		<u>1,336</u>
Total Assets	<u><u>\$ 194,487</u></u>	<u><u>\$ 178,574</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Cash in bank - deficit	\$ 377	\$ 8,451
Accounts Payable	100	759
Accrued vested annual leave benefits	12,214	9,658
Funds held in escrow (Note 5)	165,997	146,841
Bank line of credit (Note 6)	<u>20,000</u>	<u>20,000</u>
Total Liabilities	<u>198,688</u>	<u>185,709</u>
Net Assets		
Unrestricted (deficit)	<u>(4,201)</u>	<u>(7,135)</u>
Total Net Assets	<u>(4,201)</u>	<u>(7,135)</u>
Total Liabilities and Net Assets	<u><u>\$ 194,487</u></u>	<u><u>\$ 178,574</u></u>

The accompanying notes are an integral part of this statement

LOUISIANA GUARDIANSHIP SERVICES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 and 2005

	<u>Unrestricted</u>	
	2006	2005
Support, Revenues and Reclassifications		
Support		
Grant - Federal Government	\$ 50,318	\$ 37,318
Grant - State of Louisiana	227,244	227,244
Contributions	14,917	15,951
Total Support	292,479	280,513
Revenues		
Other revenue	19,896	34,216
Total Revenue	19,896	34,216
Total Support, Revenues and Reclassifications	312,375	314,729
Expenses		
Program services	293,582	312,972
Management and general	15,859	15,610
Total Expenses	309,441	328,582
Increase (Decrease) in Net Assets	2,934	(13,853)
Beginning of year	(7,135)	6,718
End of year - (deficit)	\$ (4,201)	\$ (7,135)

The accompanying notes are an integral part of this statement

LOUISIANA GUARDIANSHIP SERVICES, INC.

**STATEMENTS OF CASH
FLOWS**

FOR THE YEARS ENDED JUNE 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from the State of Louisiana	\$ 227,244	\$ 227,244
Cash received from the Federal Government	49,235	37,318
Cash collected from contributors	14,917	15,951
Other revenue	19,896	34,216
Salaries	(192,077)	(189,630)
Fringe benefits	(33,660)	(32,373)
Travel	(18,384)	(16,729)
Office Expense	(1,997)	(3,423)
Accounting and professional	(4,546)	(6,904)
Dues and subscriptions	(2,243)	(2,545)
Duplicating and printing	(78)	(1,819)
Education and conferences	(4,260)	(6,118)
Insurance	(27,272)	(25,172)
Occupancy	(3,645)	(17,828)
Postage	(1,152)	(1,937)
Telephone	(9,602)	(9,504)
Administrative cost	(1,855)	(6,501)
Interest expense	(2,407)	(1,653)
	<u>8,114</u>	<u>(7,407)</u>
Net cash provided (used) by operating activities		
Cash flows from financing activities:		
Acquisition of fixed assets		(1,794)
Proceeds from bank line of credit	16,305	9,128
Payments on bank line of credit	(16,305)	(6,748)
	<u>586</u>	<u>586</u>
Net cash provided by financing activities		
Net increase (decrease) in cash	8,114	(6,821)
Cash at beginning of year (deficit)	(8,451)	(1,630)
Cash at end of year (deficit)	<u>\$ (337)</u>	<u>\$ (8,451)</u>

The accompanying notes are an integral part of this statement

LOUISIANA GUARDIANSHIP SERVICES, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2006 and 2005

	2006	2005
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 2,934	\$ (13,853)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,889	3,385
(Increase) Decrease in prepaid expenses		1,336
(Increase) Decrease in receivables	(1,083)	
(Increase) Decrease in security deposits	1,336	
Increase (Decrease) in accounts payable	(518)	613
Increase (Decrease) in vested annual leave benefits	2,556	1,112
Net cash provided (used) by operating activities	\$ 8,114	\$ (7,407)
Supplemental data:		
Interest paid	\$ 2,407	\$ 1,653

The accompanying notes are an integral part of this statement

LOUISIANA GUARDIANSHIP SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Louisiana Guardianship Services, Inc. (the Company) are prepared on the accrual basis of accounting and in accordance with the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, "Audits of Certain Nonprofit Organizations". Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The significant accounting policies followed are described below:

a) Organization:

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 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) to act and be recognized as 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) to advance continuing legal education for judges and attorneys who are involved in interdiction and continuing tutorship proceedings; and (4) to 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.

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

Specific program objectives of DHH-OCDD (Department of Health and Hospitals-Office for Citizens with Development Disabilities) are to protect the rights and interests of mentally incapacitated persons in Louisiana with no one to make decisions on their behalf, the program will:

1. Act as limited or full curator for up to 140 persons during the fiscal year of program operation;
2. Provide joint training to staff and others selected from the general public, service providers, and the legal community about the work of the Company and about all issues surrounding guardianship;
3. Give priority for guardianship services from DHH-OCDD facilities as determined by DHH-OCDD state office;
4. Refer persons who are not eligible for the Company's services;
5. To require individuals referred to the Company from outside of DHH-OCDD facilities to be screened by DHH-OCDD for prioritization for curatorship assignment;
6. To provide continuing curatorship services to clients relocated from OCDD facilities to private/community placements to alternative community resources;

Other specific program objectives are to provide guardianship services to elders who have no one willing or able to assume this responsibility, provide consultation to the legal system about guardianship issues, and education regarding alternatives to guardianship. The guardianship services provided include acting as full or limited guardian of an individual's financial medical, and treatment planning needs.

The Company also provides additional services to the public as representative payee and court appointed guardian. As representative payee for disabled individuals the Company, at the request of the Social Security Administration or the individuals themselves, receives the individuals' benefits and manages their bills on their behalf. The disabled individuals are usually allowed to remain in their homes while the Company acts as representative payee. As court appointed guardian for individuals who are deemed incompetent, the Company may be ordered to manage the finances, medical, residential and treatment needs of each individual.

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

b) Accounting:

The Company reports gifts of property, furniture, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Company reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

c) Receivables:

Amounts of the government grants awarded and earned but not received at the end of the grant period, which corresponds to the Company's year end, are accrued as grant receivable at June 30, 2006 and 2005.

d) Property, Furniture, and Equipment:

Property, furniture, and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets (seven years). One-half year's depreciation is taken in the year of purchase.

e) 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.

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.

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

f) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

g) Functional Allocation of Expenses:

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

h) Cash and Cash Equivalents:

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

i) Other Support and Revenue Recognition:

Cash donations are recorded as earned revenue when received.

NOTE 2 - GRANTS AND CONTRACTS FOR SERVICES RECEIVABLE

The Company has incurred expenses on contracts open at June 30, 2006 and 2005, in excess of contract fees for services received at that date. A receivable has been recorded on these contracts for the excess expenses.

	<u>2006</u>	<u>2005</u>
State of Louisiana Office for Citizens with Developmental Disabilities	\$ 18,937	\$18,937
State of Louisiana Office of Elderly Affairs	<u>4,193</u>	<u>3,110</u>
	<u>\$ 23,130</u>	<u>\$22,047</u>

NOTE 3 - 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 of the Company. The Company has the right to use these assets in the programs for which they were acquired.

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, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Equipment	\$ 24,484	\$ 22,690
Leasehold improvements	<u>637</u>	<u>637</u>
	25,121	23,327
Less: accumulated depreciation	<u>19,661</u>	<u>13,386</u>
Net book value	\$ <u>5,460</u>	\$ <u>9,941</u>

Depreciation expense for the year ended June 30, 2006 and 2005 was \$2,889 and \$3,385 respectively.

NOTE 4 - LEASE COMMITMENTS

The Company leased new office space for their main office in New Orleans under a non-cancelable agreement accounted for as an operating lease during the year ended June 30, 2005. After Hurricane Katrina the company vacated the damaged premises.

Occupancy expense incurred under this lease was \$4,635 for the year ended June 30, 2006.

NOTE 5 - FUNDS HELD IN ESCROW

This balance represents funds held in a separate Louisiana Guardianship Services, Inc., bank account for the client trust accounts. Deposits are made to this account of the client's personal funds (social security, etc.) and disbursements are drawn from this account for the client's living expenses. The funds in the bank account are the property of the client.

NOTE 6 - BANK LINE OF CREDIT

The Company has a bank line of credit which provides short-term borrowings up to \$20,000. Interest and principle on advances is payable monthly at the prime rate plus 2%. The outstanding balance is \$20,000 as of June 30, 2006.

NOTE 7 - CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

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

NOTE 8 - DONOR RESTRICTIONS

During the fiscal years ended June 30, 2006, and 2005 the Company received no funds with donor restrictions.

NOTE 9 - LITIGATION AND CLAIMS

There is no pending litigation against the Company at June 30, 2006. Furthermore, the Company's management believes that any potential lawsuits would be adequately covered by insurance.

NOTE 10 - BOARD OF DIRECTORS' COMPENSATION

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

NOTE 11 - SUBSEQUENT EVENT

On August 29, 2005 Hurricane Katrina struck the Gulf Coast area which includes southeast Louisiana. Future funding received from government agencies may be affected. The amount cannot be reasonably estimated as of the date of the audit report.

SPECIAL REPORTS OF INDEPENDENT AUDITOR

Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING 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 the financial statements of Louisiana Guardianship Services, Inc. (the Company) (a non-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated December 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller General of the United States.

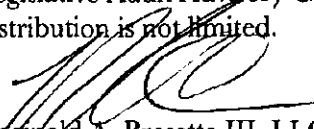
Compliance

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, and the Louisiana Legislative Audit Advisory Committee. However, this report is a matter of public record and its distribution is not limited.


Reginald A. Bresette III, LLC
Certified Public Accountants

December 22, 2006

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

We have audited the financial statements of Louisiana Guardianship Services, Inc. as of and for the year ended June 30, 2006, and have issued our report thereon dated December 22, 2006. We conducted our audit 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 Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

- a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Material Weaknesses – None

Reportable Conditions – None

Compliance

Compliance Material to Financial Statements – No

- b. Federal Awards

Internal Control

Material Weaknesses – None

Reportable Conditions – None

Compliance

Compliance Material to Financial Statements – No

Section II Financial Statement Findings

There were no financial statement findings during the fiscal year ended June 30, 2006.

Section III Federal Award Findings and Questioned Costs

None.

SPECIAL REPORTS OF MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2006

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
THE FINANCIAL STATEMENTS**

Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the financial statements.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

In regards to federal awards, Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter issued for the audit year ended June 30, 2005.

MANAGEMENT CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2006

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the financial statements.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

In regards to federal awards, Louisiana Guardianship Services, Inc. had no material weaknesses or reportable conditions in internal control. Also, there were no compliance issues material to the federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter issued for the audit year ended June 30, 2005.