

GUARDIANSHIP SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

Year Ended September 30, 2015



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guardianship Services, Inc.
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Guardianship Services, Inc. (the "Agency") which comprise the statement of financial position as of September 30, 2015, 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 of 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 Services, Inc. as of September 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited The Agency's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rylander, Clay + Opitz, LLP

December 16, 2015



GUARDIANSHIP SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 420,743	\$ 350,386
Accounts receivable, net	36,238	40,155
Furniture and equipment, net	5,836	9,834
Cash restricted for equipment	830	830
Cash restricted for endowment	2,910	2,910
Total assets	<u><u>\$ 466,557</u></u>	<u><u>\$ 404,115</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,965	\$ 7,538
Accrued liabilities	31,273	35,272
Total liabilities	<u>36,238</u>	<u>42,810</u>
Commitments (Note 5)		
Net Assets		
Unrestricted	426,579	357,565
Temporarily restricted	830	830
Permanently restricted	2,910	2,910
Total net assets	<u>430,319</u>	<u>361,305</u>
Total liabilities and net assets	<u><u>\$ 466,557</u></u>	<u><u>\$ 404,115</u></u>

See notes to financial statements.



GUARDIANSHIP SERVICES, INC.

STATEMENTS OF ACTIVITIES

Year Ended September 30, 2015 with Comparative Total for 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2015	2014
Revenue and other support					
Contributions					
United Way	\$ 36,644	\$ -	\$ -	\$ 36,644	\$ 45,304
Other contributions	129,034	-	-	129,034	108,233
Government contracts	875,155	-	-	875,155	847,890
Program service fees	281,719	-	-	281,719	271,146
Special event, net of expenses of \$11,140	14,120	-	-	14,120	-
Interest income	271	-	-	271	364
Total revenue and other support	1,336,943	-	-	1,336,943	1,272,937
Expenses					
Program services:					
Guardianship	851,736	-	-	851,736	858,512
Money management	199,790	-	-	199,790	201,380
Total program services	1,051,526	-	-	1,051,526	1,059,892
Supporting services:					
General and administrative	166,295	-	-	166,295	173,429
Fundraising	50,108	-	-	50,108	50,374
Total supporting services	216,403	-	-	216,403	223,803
Total expenses	1,267,929	-	-	1,267,929	1,283,695
Change in net assets	69,014	-	-	69,014	(10,758)
Net assets at beginning of year	357,565	830	2,910	361,305	372,063
Unrestricted net assets at end of year	\$ 426,579	\$ 830	\$ 2,910	\$ 430,319	\$ 361,305

See notes to financial statements.



GUARDIANSHIP SERVICES, INC.

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ 69,014	\$ (10,758)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,998	3,998
Change in operating assets and liabilities:		
Decrease in accounts receivable	3,917	33,029
Increase (decrease) in accounts payable	(2,573)	1,391
Decrease in accrued liabilities	(3,999)	(148)
Net cash provided by operating activities	70,357	27,512
Net increase in cash and cash equivalents	70,357	27,512
Cash and cash equivalents at beginning of year	350,386	322,874
Cash and cash equivalents at end of year	\$ 420,743	\$ 350,386

See notes to financial statements.



GUARDIANSHIP SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended September 30, 2015 with Comparative Total for 2014

	Program Services			Supporting Services			Total Program and Supporting Services	
	Guardianship	Money Management	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services	2015	2014
Salaries	\$ 578,539	\$ 135,706	\$ 714,245	\$ 112,218	\$ 33,734	\$ 145,952	\$ 860,197	\$ 868,211
Other employee related benefits	129,393	30,351	159,744	25,020	7,699	32,719	192,463	204,494
Total salaries and related expenses	707,932	166,057	873,989	137,238	41,433	178,671	1,052,660	1,072,705
Office expenses	19,615	4,601	24,216	3,467	1,191	4,658	28,874	24,687
Occupancy	48,254	11,319	59,573	9,331	2,871	12,202	71,775	71,775
Staff local travel	23,241	5,452	28,693	3,376	1,688	5,064	33,757	33,901
Staff conferences	4,044	948	4,992	277	277	554	5,546	6,527
Information technology	10,553	2,475	13,028	2,041	628	2,669	15,697	15,413
Depreciation	-	-	-	3,998	-	3,998	3,998	3,998
Miscellaneous expenses	12,183	2,858	15,041	1,846	568	2,414	17,455	19,099
Liability insurance	9,368	2,198	11,566	1,812	557	2,369	13,935	15,104
Professional fees	16,546	3,882	20,428	2,909	895	3,804	24,232	20,486
Non-personnel subtotal	143,804	33,733	177,537	29,057	8,675	37,732	215,269	210,990
Total expense	\$ 851,736	\$ 199,790	\$1,051,526	\$ 166,295	\$ 50,108	\$ 216,403	\$1,267,929	\$1,283,695
Percentage of total expense	67.18%	15.75%	82.93%	13.12%	3.95%	17.07%	100.00%	

See notes to financial statements.



GUARDIANSHIP SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Organization

Guardianship Services, Inc. (the “Agency”) is a Texas non-profit corporation that filed for exemption in December 1997. The Agency recruits, trains, and supports volunteers who provide guardianship and alternative services to legally and functionally incapacitated individuals who have no family member or friend willing, able, or suitable to serve in that capacity.

The Agency is funded by contributions from individuals, foundations and trusts, program service fees and grants and contracts from local and federal agencies.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash and Cash Equivalents

The Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due under government grants and contracts and program fees at September 30, 2015. An allowance for doubtful accounts is established by management based on past experience and analysis of current balances. Management has recorded an allowance of \$5,571 and \$12,000 for the years ended September 30, 2015 and 2014, respectively.

Fair Value of Financial Instruments

The Agency’s financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The recorded values of these assets and liabilities approximate their fair values based on their short-term nature.

Furniture and Equipment

Furniture and equipment that are purchased are recorded at cost and depreciated over estimated useful lives using the straight-line method. Donations of furniture and equipment are recorded as contributions when received and recorded 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, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.



GUARDIANSHIP SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the type of restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Revenue is recognized as contributions are received or unconditionally pledged and as expenses that are reimbursable under grants or contracts are incurred. Program income is recorded as earned.

Functional Allocation of Expenses

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

Income Taxes

The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Code. As a not-for-profit organization, Agency is not liable for federal income taxes.

The Agency's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended 2012, 2013, and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Prior-Year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Subsequent Events

Management evaluated subsequent events through December 16, 2015, which is the date the financial statements were available to be issued.

NOTE 2. DONATED SERVICES

The value of services donated to the Agency by volunteers has not been included in the accompanying financial statements because the criteria for recognition under generally accepted accounting principles has not been satisfied. However, due to a significant number of volunteers, the Agency maintains detailed records of volunteer hours, and the unaudited value estimated by management is \$72,000 for the years ended September 30, 2015 and 2014. The agency did not record any donated services as contribution revenue for the years ended September 30, 2015 and 2014.



GUARDIANSHIP SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following at September 30:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 20,546	\$ 20,546
Computer equipment and software	24,845	24,845
	45,391	45,391
Less accumulated depreciation	<u>39,555</u>	<u>35,557</u>
	<u>\$ 5,836</u>	<u>\$ 9,834</u>

NOTE 4. RETIREMENT PLAN

The Agency maintains a Simplified Employee Pension Plan for the benefit of its employees. In order to be eligible, employees must have reached twenty-one years of age and thirty days of service. The Agency made no contributions to the plan for the years ended September 30, 2015 or September 30, 2014.

NOTE 5. LEASES

The Agency leases its office space under terms of an operating lease. Rental expense approximated \$81,000 for the years ended September 30, 2015 and 2014. The annual minimum lease obligation under this agreement follows:

<u>Year Ended September 30,</u>	
2016	\$ 91,000
2017	88,000
2018	88,000
	<u>\$ 267,000</u>

NOTE 6. CONCENTRATION OF REVENUE

The Agency receives a significant portion of revenue from government contracts. The Agency is required to comply with grant contract agreements; therefore, noncompliance with grant contracts could result in substantial loss of funding. Further, one contract represents approximately 48% and 47% of total revenue for the years ended September 30, 2015 and 2014, respectively. Management believes the Agency has complied with the contractual requirements of the grantor.

NOTE 7. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted to the purchase of technology. Permanently restricted net assets consist of endowment funds to be held indefinitely, the income from which is expendable to support programming services of the Agency.

