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LOUISIANA GUARDIANSHIP SERVICES, INC.

FINANCIAL REPORT

JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 3-26-97

LOUISIANA GUARDIANSHIP SERVICES, INC.

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JUNE 30, 1996

Zahn, Kenney & Bresette
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana Guardianship Services, Inc.

We have audited the accompanying statement of financial position of the Louisiana Guardianship Services, Inc. (the Company) (a nonprofit organization) as of June 30, 1996, and the related statements of activities and changes in net assets and cash flows for the year 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 audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit 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 audit provides 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 the Louisiana Guardianship Services, Inc. as of June 30, 1996, and the results of its operations and changes in net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole included in the first paragraph. The supplemental information included in the Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated November 6, 1996, on our consideration of Louisiana Guardianship Services, Inc.'s internal control structure and a report dated November 6, 1996, on its compliance with laws and regulations.

Receipt Acknowledged
Legislative Auditor
By

Zahn, Kenney & Bresette

Zahn, Kenney & Bresette
Certified Public Accountants

Metairie, Louisiana
November 6, 1996

LOUISIANA GUARDIANSHIP SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 1996

ASSETS

Cash	$ 12,107
Receivables:	
Grants (Note 2)	29,726
Prepaid expenses	2,641
Assets restricted to investment in property, furniture, and equipment (Note 3)	
Cost, less accumulated depreciation of $7,714	11,123
Total Assets	$ 55,597

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	$ 1,022
Payroll taxes payable	3,450
Accrued vested annual leave benefits	7,592
Deferred program support (Note 4)	6,644
Lease payable, net (Note 5)	2,956
Total Liabilities	21,664
Net Assets	
Unrestricted	23,933
Temporarily restricted by donors (Note 6)	10,000
Total Net Assets	33,933
Total Liabilities and Net Assets	$ 55,597

(See notes to financial statements)

LOUISIANA GUARDIANSHIP SERVICES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 1996

Unrestricted Net Assets	
Support and Revenues:	
Support:	
Grant - Federal Government	$ 30,556
Grant - State of Louisiana	174,700
Contributions	162
Total Support	205,418
Revenue:	
Investment income	94
Other revenue	584
Total Revenue	678
Total Support and Revenue	206,096
Expenses:	
Program services	195,930
Management and general	10,913
Total Expenses	206,843
Decrease in unrestricted net assets	(747)
Temporarily Restricted Net Assets:	
Grant - Federal Government	1,000
Increase in temporarily restricted net assets before prior period adjustment	1,000
Prior period adjustment reclassifying Grant - Federal Government from deferred revenue to temporarily restricted net assets	9,000
Increase in temporarily restricted net assets	10,000
Total increase in net assets	9,253
Net assets at beginning of year	24,680
Net assets at end of year	$ 33,933

(See notes to financial statements)

LOUISIANA GUARDIANSHIP SERVICES, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1996

Cash flows from operating activities:	
Cash received from the State of Louisiana	$ 159,262
Cash received from the Federal Government	27,114
Cash collected from contributors	162
Interest received	94
Other revenue	584
Cash paid to employees	(139,007)
Fringe benefits	(14,608)
Travel	(11,769)
Office expense	(2,072)
Accounting and professional	(8,280)
Duplicating and printing	(60)
Education and conferences	(5,965)
Insurance	(4,972)
Postage	(930)
Rent	(4,483)
Repairs and maintenance	(603)
Telephone	(2,765)
Administrative costs	(766)
Net cash used by operating activities	(9,064)
Cash flows from investing activities:	
Clerk of court deposits	600
Net cash provided by investing activities	600
Cash flows from financing activities:	
Payments on equipment lease	(979)
Net cash used by financing activities	(979)
Net decrease in cash	(9,443)
Cash at beginning of year	21,550
Cash at end of year	$ 12,107

(See notes to financial statements)

LOUISIANA GUARDIANSHIP SERVICES, INC.

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1996

Reconciliation of change in net assets to net cash used by operating activities:

Change in net assets	$ 9,253
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,691
Amortization of lease interest	503
Prior period adjustments	(9,000)
Increase in receivables	(16,438)
Decrease in prepaid expenses	87
Increase in accounts payable	436
Increase in payroll taxes payable	2,940
Increase in vested annual leave benefits	3,906
Decrease in deferred program support	(3,442)
Net cash used by operating activities	$ (9,064)

(See notes to financial statements)

LOUISIANA GUARDIANSHIP SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Louisiana Guardianship Services, Inc. (L.G.S.I.) 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:

Louisiana Guardianship Services, Inc. (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 an 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.

Specific program objectives 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 105 persons during the fiscal year of program operation;

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

2. Provide joint training to DHH-OCDD (Department of Health and Hospitals Office For Citizens With Developmental Disabilities) staff and others selected from the general public, service providers, and the legal community about the work of Louisiana Guardianship Services, Inc. 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 L.G.S.I. services to alternative community resources;

5. To require individuals referred to L.G.S.I. 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 for a period of up to three months.

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. The Company may also manage some or all of the affairs, including finances, of competent individuals who choose to voluntarily assign the Company Power of Attorney.

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

b) Accounting: (Continued)

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 other 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, 1996.

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) Other Support and Revenue Recognition:

Cash donations are recorded as earned revenue when received.

g) Financial Statement Presentation:

In 1993-94, the Company elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for Profit Organizations," early. Under SFAS No. 117, the Company 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 Company is required to present a statement of cash flows. As permitted by this new statement, the Company has discontinued its use of fund accounting and has, accordingly reclassified its financial statements to present the three classes of net assets required.

h) Contributions:

The Organization also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1993-94. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

NOTE 2--GRANTS AND CONTRACTS FOR SERVICES RECEIVABLE

The Company has incurred expenses on a contract open at June 30, 1996, in excess of contract fees for services received at that date. A receivable has been recorded on this contract for the excess expenses as follows:

State of Louisiana Office of Mental Retardation/ Developmental Disabilities	$ 29,726

NOTE 3--PROPERTY, FURNITURE, AND EQUIPMENT

Property, furniture, and equipment represents 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.

NOTE 3--PROPERTY, FURNITURE, AND EQUIPMENT (CONTINUED)

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 asset 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, 1996:

Funding Source	Cost	Accumulated Depreciation	Net Book Value
Federal	$ 2,094	$ 926	$ 1,168
State of Louisiana	16,743	6,788	9,955
Totals	$18,837	$ 7,714	$11,123

Depreciation expense for the year ended June 30, 1996 was $2,691.

NOTE 4--DEFERRED PROGRAM SUPPORT

This balance represents funds received from the U.S. Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs that have not yet been expended as of June 30, 1996.

NOTE 5--LEASE COMMITMENTS

The Company leased office space for the main office in Metairie under a non cancelable agreement accounted for as an operating lease during the year ended June 30, 1996. The lease expires November 30, 1996.

Future minimum lease payments under this lease as of June 30, 1997 are $2,083.

Rental expense incurred under this lease was $4,867 for the year ended June 30, 1996.

The company has also entered into a lease for a copy machine with terms of three years. Based on the provisions of Statement No. 13, issued by the Financial Accounting Standards Board, the lease meets the criteria of a capital lease and, accordingly, has been recorded as such. This asset is reported at a cost of $4,710. Depreciation of $1,009 has been recognized to date.

NOTE 5--LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments under the capital lease, together with the present value of minimum lease payments subsequent to June 30, 1996, are as follows:

June 30, 1997	$3,720
June 30, 1998	2,349
	6,069
Less amount representing interest	3,113
Present value of minimum lease payments	$2,956

NOTE 6--TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of funds from the State of Louisiana Governor's Office of Elderly Affairs to coordinate the establishment of a money management program for elderly and disabled persons. The startup of this program is set for the fiscal year ended June 30, 1997. Upon startup, these temporarily restricted net assets will be transferred to unrestricted net assets.

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 year ended June 30, 1996 the Company received no funds with donor restrictions.

SUPPLEMENTAL INFORMATION

LOUISIANA GUARDIANSHIP SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 1996

	Total	Program Services	Management and General
Salaries	$ 139,007	$ 136,409	$ 2,598
Accounting	7,650	7,650	
Conferences/training	5,965	5,965	
Dues and subscriptions	100	100	
Insurance:			
General	4,703	4,703	
Group	4,677	4,677	
Depreciation	2,691		2,691
Miscellaneous	1,165		1,165
Office supplies	2,072	2,072	
Payroll taxes	12,817	12,577	240
Postage	930	930	
Printing and duplication	60	60	
Professional	630	630	
Rent	4,867	4,867	
Repairs and maintenance	603	603	
Vested leave benefits	3,905		3,905
Telephone	3,232	3,232	
Travel	11,769	11,455	314
Total	$ 206,843	$ 195,930	$10,913

INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF FEDERAL AWARDS

To the Board of Directors,
Louisiana Guardianship Services, Inc.

We have audited the financial statements of the Louisiana Guardianship Services, Inc. (the Company) (a nonprofit organization), as of and for the year ended June 30, 1996, and have issued our report thereon dated November 6, 1996. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Louisiana Guardianship Services, Inc. taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Zahn, Kenney & Bresette

Zahn, Kenney & Bresette
Certified Public Accountants

Metairie, Louisiana
November 6, 1996

Independent Auditor's Report On The Internal Control Structure Based On An Audit Of The 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. (a nonprofit organization), as of and for the year ended June 30, 1996, and have issued our report thereon dated November 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Louisiana Guardianship Services, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Louisiana Guardianship Services, Inc., for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable condition is that there is a lack of segregation of duties in the handling of cash receipts and disbursements due to the relative size of the organization.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

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.

Zahn, Kenney & Bresette

Zahn, Kenney & Bresette
Certified Public Accountants

Metairie, Louisiana
November 6, 1996

Independent Auditor's Report On Compliance Based
On An Audit Of The 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 the Louisiana Guardianship Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with the laws, regulations, contracts, and grants applicable to the Louisiana Guardianship Services, Inc. is the responsibility of Louisiana Guardianship Services, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Louisiana Guardianship Services, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

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.

Zahn, Kenney & Bresette

Zahn, Kenney & Bresette
Certified Public Accountants

Metairie, Louisiana
November 6, 1996

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

To the Board of Directors,
Louisiana Guardianship Services, Inc.

We have audited the financial statements of the Louisiana Guardianship Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management of Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Louisiana Guardianship Services, Inc. in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of the Louisiana Guardianship Services, Inc. and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control policies and procedures relevant to our audit of the financial statements in a separate report dated November 6, 1996.

The management of the Louisiana Guardianship Services, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

* Cash
* Support, receivables and receipts
* Payroll and related liabilities
* Expenses for program and supporting services and accounts payable
* Property and equipment
* Net assets

For all of the internal control structure categories listed in the preceding paragraph, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, Louisiana Guardianship Services, Inc. had no major federal award programs and expended 100 percent of its total federal awards under the following nonmajor programs:

* Governor's Office of Elderly Affairs

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope that would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Organization's ability to administer federal award programs in accordance with applicable laws and regulations.

The reportable condition noted is that there is a lack of segregation of duties in the handling of cash receipts and disbursements due to the relative size of the organization.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that none of the reportable conditions described above is a material weakness.

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.

Zahn, Kenney & Bresette

Zahn, Kenney & Bresette
Certified Public Accountants

Metairie, Louisiana
November 6, 1996

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

To the Board of Directors,
Louisiana Guardianship Services, Inc.

We have audited the financial statements of Louisiana Guardianship Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 6, 1996.

In connection with our audit of the financial statements of Louisiana Guardianship Services, Inc. and with our consideration of the Organization's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, and eligibility, that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Louisiana Guardianship Services, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Louisiana Guardianship Services, Inc. had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

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.

Zahn, Kenney & Bresette

Zahn, Kenney & Bresette
Certified Public Accountants

Metairie, Louisiana
November 6, 1996

LOUISIANA GUARDIANSHIP SERVICES, INC.

SCHEDULE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1996

Federal Grantor	Grant Period Ending Date	Federal CFDA Number	Federal Award Amount	Federal Received-Cash Basis
U.S. Department of Health and Human Services				
Pass Through Payments: Governor's Office of Elderly Affairs:				
Discretionary Funds	6/96	93.044	$27,114	$27,114
	6/96	93.041	10,000	-0-
Totals			$37,114	$27,114

(1) Expenses reflect only those charges funded through Federal grant revenues and other program revenues.

Financial Assistance								
July 1, 1995			June 30, 1996				Other	
Accounts Receivable	Deferred Revenue	Temporarily Restricted	Accounts Receivable	Deferred Revenue	Temporarily Restricted	Accrual Basis	Program Revenue	(1) Expenses
$ -0-	$10,086	$ -0-	$ -0-	$ 6,644	$ -0-	$30,556	$ -0-	$30,556
-0-	-0-	9,000	1,000	-0-	10,000	-0-	-0-	-0-
$ -0-	$10,086	$ 9,000	$ 1,000	$ 6,644	$10,000	$30,556	$ -0-	$30,556