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**INDEPENDENT AUDITORS' REPORT**

To the Program Director  
Human Services Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying balance sheets of Human Services Foundation, Inc., as of December 31, 1996 and 1995, and the related statements of support and revenue, expenses, and changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and provisions of DHHS of Management and Budget Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 Human Services Foundation, Inc., as of December 31, 1996 and 1995, and the changes in its fund balances and its statements of support and revenue, expenses, and of cash flows for the years then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards for the year ended December 31, 1996, 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 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.

June 20, 1997

*Johnson, Selig Company*

## HUMAN SERVICES FOUNDATION, INC.

Baton Rouge, Louisiana

## BALANCE SHEETS

December 31, 1996

	1996	1995
<b>ASSETS</b>		
<b>CURRENT:</b>		
Cash	\$ 35,873	\$ 300
Accounts receivable	<u>154,828</u>	<u>68,933</u>
Total Current Assets	<u>190,701</u>	<u>69,233</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Depreciable assets	315,658	168,464
Less accumulated depreciation	<u>150,633</u>	<u>133,073</u>
Net Property and Equipment	<u>165,025</u>	<u>34,391</u>
<b>OTHER:</b>		
Due from affiliates	<u>106,134</u>	<u>123,389</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>461,860</u></b>	<b>\$ <u>227,013</u></b>

The accompanying notes are an integral part of the financial statements.

	<u>1998</u>	<u>1997</u>
<b>LIABILITIES</b>		
<b>CURRENT:</b>		
Accounts payable	\$ 173,804	\$ 179,001
Payroll taxes payable	4,689	17,130
Accrued expenses	4,048	1,299
Overdrafts	-	551
Current portion of notes payable	<u>18,471</u>	<u>5,568</u>
Total Current Liabilities	<u>201,012</u>	<u>209,549</u>
<b>LONG-TERM:</b>		
Notes payable, less current portion	<u>38,515</u>	<u>38,734</u>
<b>OTHER:</b>		
Due to officers	105,884	75,283
Due to affiliates	<u>8,118</u>	<u>-</u>
Total Other Liabilities	<u>113,992</u>	<u>75,283</u>
<b>TOTAL LIABILITIES</b>	<u>349,529</u>	<u>393,566</u>
<b>FUND EQUITY</b>		
Fund balance	<u>112,369</u>	4 <u>78,555</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ <u>461,898</u></b>	<b>\$ <u>472,121</u></b>

HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

STATEMENTS OF SUPPORT AND REVENUE AND EXPENSES

Years Ended December 31.

	1986	1985
<b>SUPPORT AND REVENUE:</b>		
Contract revenues	\$ 1,097,452	\$ 691,256
Resident services	200	2,373
Grants	49,213	45,556
Other	<u>15,370</u>	<u>16,600</u>
Total Support and Revenue	<u>1,366,334</u>	<u>755,835</u>
<b>EXPENSES:</b>		
Program services:		
Vocational transition	275,231	260,640
Vocational rehabilitation	355,642	71,568
Case management services	134,588	302,673
Residential substance abuse treatment	47,605	42,235
Partial day psychological program	<u>226,169</u>	<u>-</u>
Total Program Services	<u>1,039,235</u>	<u>678,996</u>
Support services:		
Management and general	35,048	41,876
Other	<u>33,812</u>	<u>8,968</u>
Total Support Services	<u>68,860</u>	<u>50,844</u>
Total Expenses	<u>1,108,095</u>	<u>729,840</u>
Excess of Support and Revenue Over Expenses	\$ <u>258,239</u>	\$ <u>26,000</u>

The accompanying notes are an integral part of the financial statements.

## HUMAN SERVICES FOUNDATION, INC.

Baton Rouge, Louisiana

## STATEMENTS OF CHANGES IN FUND BALANCE

Years Ended December 31,

	1986	1985
Balance, beginning of year	\$ 76,555	\$ 84,824
Excess (deficiency) of support and revenue over expenses	97,258	8,969
Other Changes in Fund Balance: Restricted funds for acquisition of property and equipment	<u>91,686</u>	<u>        </u>
Balance, end of year	\$ <u>113,909</u>	\$ <u>76,555</u>

The accompanying notes are an integral part of the financial statements.



HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	1988	1987
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess (deficiency) of support and revenue over expenses and changes in fund balance	\$ 188,924	\$ 8,089
Adjustments to reconcile excess (deficiency) of support and revenue over expenses to cash provided by operating activities:		
Depreciation	13,558	25,980
Loss on disposal of assets	8,969	-
(Increase) decrease in:		
Accounts receivable	( 83,885)	( 17,889)
Prepaid expenses	-	4,457
Due from affiliates	79,315	( 93,000)
Increase (decrease) in:		
Accounts payable	( 5,187)	77,847
Payroll taxes payable	( 12,441)	( 3,980)
Due to affiliates	8,138	-
Other current liabilities	2,128	( 6,588)
Net cash provided (used) by operating activities	178,449	( 5,811)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Fixed asset acquisitions	( 132,181)	( 38,781)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in due to officers	38,681	10,380
New borrowings	22,684	32,362
Net cash provided by financing activities	61,365	42,662
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>35,573</b>	<b>-</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>300</b>	<b>300</b>
<b>CASH, END OF YEAR</b>	<b>\$ 33,873</b>	<b>\$ 300</b>

The accompanying notes are an integral part of the financial statements.

HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of the organization***

Human Services Foundation, Inc. (the "Foundation"), is a non-profit entity established to support various programs providing care and treatment to individuals requiring mental, developmental and rehabilitation services. The Foundation operates a number of programs located in Baton Rouge and New Orleans, Louisiana. These programs include a halfway house to provide care and treatment for alcohol and drug abuse to chemically dependent adolescents, mental health and development diagnosis services, and vocational transition services for foster children between the ages of sixteen and twenty-one.

***Basis of accounting***

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

***Cash and cash equivalents***

For the purpose of the statement of cash flows, the Foundation considers highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 1996 and 1995, the Foundation had no cash equivalents.

HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

Programs are funded primarily through contractual agreements with the State of Louisiana through the Department of Health and Hospitals, Division of Alcohol and Drug Abuse; the Medicaid program; and grants through the Department of Social Services, Office of Community Services.

With the State of Louisiana as the Foundation's only creditor, all receivables are expected to be fully collectible. Therefore, no provision or liability for uncollectible accounts has been recognized in the accompanying financial statements. A significant reduction in the level of support provided by the State of Louisiana, if this were to occur, may have an effect on the Foundation's activities.

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized and depreciated over their estimated useful life.

As a general rule, when items are retired or otherwise disposed, the accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income in the year of disposal.

Depreciation

Depreciation is computed on the straight-line and accelerated methods over the following estimated useful lives of the various classes of depreciable assets:

Buildings	31.5 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	5 years
Vehicles	5 years

HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Incorporation**

The Foundation is a non-profit organization that is exempt from income taxes under Section 500(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of December 31, 1996 and 1995, are as follows:

	1996	1995
Buildings	\$ 123,716	\$ -
Equipment	58,378	36,345
Furniture and fixtures	53,713	53,381
Leasable improvements	34,177	31,177
Vehicles	<u>39,632</u>	<u>48,641</u>
	315,606	169,464
Less accumulated depreciation	<u>190,635</u>	<u>135,075</u>
	\$ <u>124,971</u>	\$ <u>34,389</u>

Depreciation expense for the years ended December 31, 1996 and 1995, was \$ 15,358 and \$ 23,568, respectively.

HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE C - RELATED PARTY TRANSACTIONS

The amount due from affiliates of \$ 106,374 and \$ 125,289 at December 31, 1996 and 1995, and the amount due to affiliates of \$ 8,118 at December 31, 1996, represent funds advanced to and from various entities under common management for various reimbursable operating expenses. Accounts payable at December 31, 1995, includes \$ 102,473 payable to related parties for operating expenses.

The amount due to officers at December 31, 1996 and 1995, of \$ 103,854 and \$ 75,283, represents funds advanced by officers to the Foundation for current working capital needs. These amounts are due on demand and do not bear interest. It is not anticipated that this liability will be liquidated in the current period.

During the years ended December 31, 1996 and 1995, the Foundation leased various facilities from related parties. One building in Baton Rouge, Louisiana, was leased from Baton Rouge Developmental Corporation, which shares common management with the Foundation, for a total of \$ 36,000 and \$ 36,000 in 1996 and 1995, respectively. The Foundation also leased facilities from Professional Rehabilitation Services, Inc., which also shares common management with the Foundation, for a total of \$ 36,000 and \$ 36,000 for the years ended December 31, 1996 and 1995. Additionally, the Foundation leased space in locations in Baton Rouge, Louisiana, from an officer of the Foundation. Rental expense for these leases for the years ended December 31, 1996 and 1995, totaled \$ 9,388 and \$ 63,946.

Baton Rouge Development Corporation, which as stated above shares common management with the Foundation, provides administrative and professional services related to the Foundation's programs. Fees for these services for the years ended December 31, 1996 and 1995, totaled \$ 23,360 and \$ 31,194.

During the year ended December 31, 1996, the Foundation purchased a building from Professional Rehabilitation Services, Inc., which shares common management with the Foundation. This property was purchased for \$ 127,716, which was partially funded from funds received from Louisiana Rehabilitation Services.

HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE D - NOTES PAYABLE

Notes payable at December 31, 1996 and 1995, consists of the following:

	1996	1995
Note payable to a local bank, payable in monthly installments of \$ 733, including interest at variable rates; secured by real estate	\$ 27,425	32,902
Note payable to a local bank, payable in monthly installments of \$ 1,120, including interest at 10.5%; secured by real estate	<u>27,561</u>	<u>-</u>
	54,986	32,902
Less current portion	<u>18,471</u>	<u>3,968</u>
	\$ <u>36,515</u>	\$ <u>28,934</u>

NOTE E - SUPPLEMENTARY CASH FLOW INFORMATION

Cash payments for the years ended December 31, 1996 and 1995, for interest totaled \$ 6,127 and \$ 8,070. Since the Foundation was organized as a non-profit organization under the Internal Revenue Code, no cash payments were made for income taxes for the years ended December 31, 1996 and 1995.

The Foundation had no research investing and financing activities for the years ended December 31, 1996 and 1995.



**Jonathan, Silver & Cooney (LLC)**

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**AUDITORS' REPORT ON INTERNAL CONTROLS  
STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Program Director  
Human Services Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of Human Services Foundation, Inc., as of and for the years ended December 31, 1996 and 1995, and have issued our report thereon dated June 28, 1997.

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

The management of Human Services Foundation, 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 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 the financial statements in accordance with generally accepted accounting principles. Because of the 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 of 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 audits of the basic financial statements of Human Services Foundation, Inc., for the year ended December 31, 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 had 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 basic 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

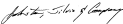
Due to the limited number of personnel involved, it is not feasible to have an adequate system of internal accounting control due to lack of separation of duties. Active participation by the owners in the daily management of operations serves as an alternative control. This condition was considered in determining the nature, timing and extent of the audit tests applied in our audit.

A material weakness is a reportable condition in which the design or operation of one or more of the specific 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 material weaknesses as defined above.

This report is intended for the information of the management of Human Services Foundation, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

June 20, 1997







JOHNSON, SELVO & COMPANY (LLC)

Chartered Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Program Director  
Human Services Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the basic financial statements of Human Services Foundation, Inc., as of and for the years ended December 31, 1996 and 1995, and have issued our report thereon dated June 20, 1997.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 laws, regulations, contracts, and grant agreements applicable to Human Services Foundation, Inc., is the responsibility of Human Services Foundation, Inc.'s management. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of Human Services Foundation, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants agreements. However, the objective of our audit of the basic 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 herein under Government Auditing Standards.

This report is intended for the information of the management of Human Services Foundation, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

June 20, 1997

*Johnson, Selvo & Company*



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Program Director  
Human Services Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of Human Services Foundation, Inc., as of and for the years ended December 31, 1996 and 1995, and have issued our report thereon dated June 20, 1997. We have also audited Human Services Foundation, Inc.'s compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated June 20, 1997.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and 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 misstatements and about whether Human Services Foundation, Inc., complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits of the basic financial statements of Human Services Foundation, Inc., for the years ended December 31, 1996 and 1995, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on Human Services Foundation, Inc.'s financial statements and its compliance with requirements applicable to major federal financial assistance programs, and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses the consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated June 20, 1997.

The management of Human Services Foundation, 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 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of the 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.

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

**Accounting Controls:**

- General Ledger
- Cash Receipts
- Cash Disbursements
- Payroll
- Property and Equipment

**General Requirements:**

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Drug-Free Work Place
- Administration Requirements

**Specific Requirements:**

- Types of Services
- Matching, Level of Effort and Benchmarking
- Reporting

For all of the internal control categories listed above, 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 December 31, 1996, Human Services Foundation, Inc., expended eighty-seven percent of its total federal financial assistance under the major federal financial assistance program.

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 noncompliance with specific requirements, general requirements and requirements governing claims for advances and reimbursements that are applicable to Human Services Foundation, Inc.'s major federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on the 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 judgment, could adversely affect the entity's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Due to the limited number of personnel involved, it is not feasible to have a system of internal accounting control consisting of separation of duties. Active participation by the owners in the daily management of operations serves as an alternative control. This condition was considered in determining the nature, timing and extent of the audit tests applied in our audit.

A material weakness is a reportable condition in which the design or operation of one or more of the specific 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 material weaknesses as defined above.

This report is intended for the information of the management of Human Services Foundation, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

June 20, 1997

*John H. S. Cooney*  
John H. S. Cooney & Company



**JOHNSTON, SEVIER & COMPANY (LLC)**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To The Program Director  
Human Services Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the basic financial statements of Human Services Foundation, Inc., as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated June 20, 1999.

We have applied procedures to test Human Services Foundation, Inc.'s compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1998:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Drug-Free Work Place

Our procedures were limited to those set forth in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions. Our procedures were substantially less than an audit, the objective of which is the expression of an opinion on Human Services Foundation's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Human Services Foundation, Inc., had not complied, in all material respects, with those requirements.

This report is intended for the information of the management of Human Services Foundation, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

June 20, 1997

*John H. ...*



**Johnson, Siegel & Company (LLC)**

Chartered Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To The Program Director  
Human Services Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the basic financial statements of Human Services Foundation, Inc., as of and for the year ended December 31, 1996, and have issued our report thereon dated June 20, 1997.

We have also audited Human Services Foundation, Inc.'s compliance with the following requirements governing types of services allowed or unallowed; matching; reporting and amounts claimed for reimbursement or matching that are applicable to the major federal financial assistance programs, which is identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of Human Services Foundation, Inc., is responsible for Human Services Foundation, Inc.'s compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements 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 Office of Management and Budget Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Human Services Foundation, Inc.'s compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

In our opinion, Human Services Foundation, Inc., complied in all material respects with the requirements governing types of services allowed or unallowed; matching; reporting and amounts claimed for reimbursement or used for matching that are applicable to the major federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1996.

This report is intended for the information of the management of Human Services Foundation, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

June 20, 1997

*Johnston, S. Lee & Company*





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**  
**WITH SPECIFIC REQUIREMENTS APPLICABLE TO**  
**NONPROFIT FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To The Program Director  
Human Services Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the basic financial statements of Human Services Foundation, Inc., as of and for the years ended December 31, 1996 and 1995, and have issued our report thereon dated June 20, 1997.

In connection with our audits of the basic financial statements of Human Services Foundation, Inc., as of and for the years ended December 31, 1996 and 1995, and with our consideration of Human Services Foundation, Inc.'s internal control systems used to administer federal financial assistance programs, as required by the Office of Management and Budget Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the years ended December 31, 1996 and 1995.

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 that are applicable to these transactions. Our procedures were substantially less than an audit, the objective of which is the expression of an opinion on Human Services Foundation, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the management of Human Services Foundation, Inc., and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

June 20, 1977

*Johnston, Sibson & Company*

## SUPPLEMENTARY INFORMATION

HUMAN SERVICES FOUNDATION, INC.  
Baton Rouge, Louisiana

SCHEDULE OF FEDERAL AWARDS

Year Ended December 31, 1985

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<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services Pass-through from Department of Social Services, Office of Community Services Title IV-E, Independent Living Program	93.676	\$ 49,213
U. S. Department of Health and Human Services Pass-through from Department of Health and Hospitals Office of Alcohol and Drug Abuse Federal Block Grants for Alcohol and Drug Abuse	93.559	\$ 338,568