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Human Services Foundation, Inc.

Baton Rouge, Louisiana

*Financial Statements
and Supplementary Information*

Years Ended December 31, 1998 and 1997

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 7-14-99

Johnston & Hayden, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of assets, liabilities and fund equity of Human Services Foundation, Inc., as of December 31, 1998 and 1997, and the related statements of support and revenue and expenses, 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.

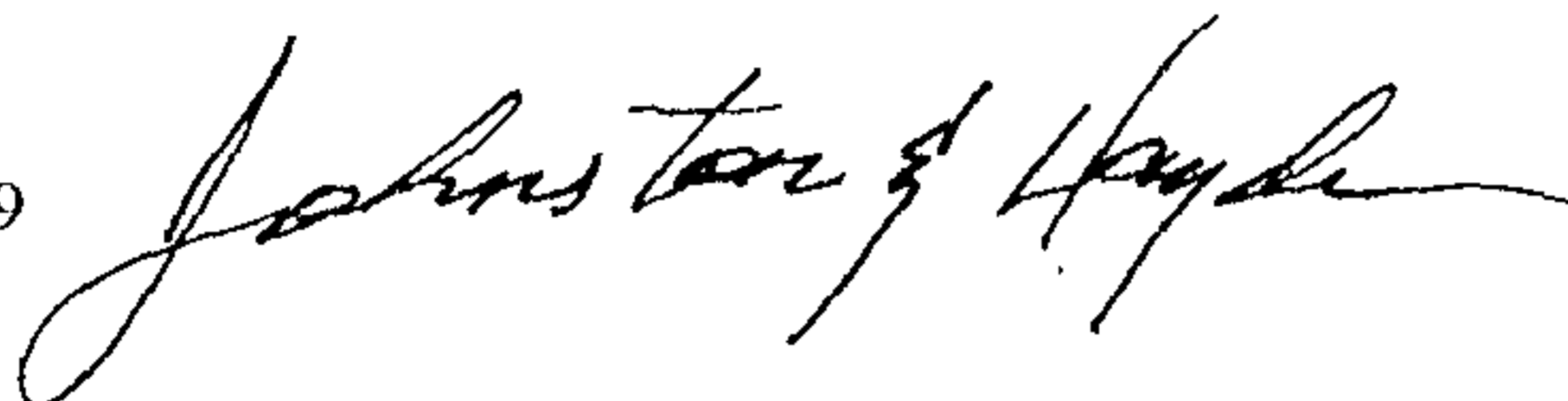
We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and provisions of Office of Management and Budget Circular A-133, *Audits 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. 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 the 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 assets, liabilities, and fund equity of Human Services Foundation, Inc., as of December 31, 1998 and 1997, and the changes in its fund balances and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 1999, on our consideration of Human Service Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

June 10, 1999

A handwritten signature in cursive script, appearing to read "Johnston & Haydel". The signature is written in black ink and is positioned to the right of the date.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

STATEMENTS OF ASSETS, LIABILITIES AND FUND EQUITY

December 31,

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
CURRENT:		
Cash and cash equivalents	\$ 23,928	\$ 36,323
Accounts receivable	<u>264,799</u>	<u>237,168</u>
Total Current Assets	<u>288,727</u>	<u>273,491</u>
PROPERTY AND EQUIPMENT:		
Depreciable assets	388,610	346,975
Less accumulated depreciation	<u>184,419</u>	<u>168,196</u>
Net Property and Equipment	<u>204,191</u>	<u>178,779</u>
OTHER:		
Due from affiliates	<u>104,046</u>	<u>106,174</u>
 TOTAL ASSETS	 \$ <u>596,964</u>	 \$ <u>558,444</u>

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

	<u>1998</u>	<u>1997</u>
<u>LIABILITIES</u>		
CURRENT:		
Accounts payable	\$ 360,947	\$ 279,406
Payroll taxes payable	17,255	17,387
Accrued expenses	-	1,299
Current portion of notes payable	<u>12,138</u>	<u>18,545</u>
Total Current Liabilities	<u>390,340</u>	<u>316,637</u>
LONG-TERM:		
Notes payable, less current portion	<u>10,779</u>	<u>17,896</u>
OTHER:		
Due to officers	28,998	49,033
Due to affiliates	<u>8,118</u>	<u>8,118</u>
Total Other Liabilities	<u>37,116</u>	<u>57,151</u>
TOTAL LIABILITIES	<u>438,235</u>	<u>391,684</u>
<u>FUND EQUITY</u>	<u>158,729</u>	<u>166,760</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 596,964</u>	<u>\$ 558,444</u>

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

STATEMENTS OF SUPPORT AND REVENUE AND EXPENSES

Years Ended December 31,

	<u>1998</u>	<u>1997</u>
SUPPORT AND REVENUE:		
Contract revenues	\$ 2,097,319	\$ 1,613,922
Grants	61,863	51,212
Other	<u>140,843</u>	<u>13,478</u>
 Total Support and Revenue	 <u>2,300,025</u>	 <u>1,678,612</u>
 EXPENSES:		
Program services:		
Vocational transition	301,274	268,487
Vocational rehabilitation	763,107	469,059
Case management services	71,429	117,400
Residential substance abuse treatment	48,164	49,488
Partial day psychological program	23	485,401
Substance abuse program	150,471	121,539
Drug Court program	119,240	31,495
Health care institute	31,663	46,348
Premier Silver Options program	795,970	-
Frost Grant program	<u>11,561</u>	<u>-</u>
 Total Program Services	 <u>2,292,902</u>	 <u>1,589,217</u>
 Support services:		
Management and general	7,243	30,706
Other	<u>7,911</u>	<u>4,298</u>
 Total Support Services	 <u>15,154</u>	 <u>35,004</u>
 Total Expenses	 <u>2,308,056</u>	 <u>1,624,221</u>
 Excess (Deficiency) of Support and Revenue Over Expenses	 <u>\$ (8,031)</u>	 <u>\$ 54,391</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,

	<u>1998</u>	<u>1997</u>
FUND BALANCE, beginning of year	\$ 166,760	\$ 112,369
Excess (deficiency) of support and revenue over expenses	(8,031)	54,391
Other Changes in Fund Balance	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	\$ <u>158,729</u>	\$ <u>166,760</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,

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of support and revenue over expenses and changes in fund balance	\$(8,031)	\$ 54,391
Adjustments to reconcile excess of support and revenue over expenses to cash provided by operating activities:		
Depreciation	16,223	17,563
(Increase) decrease in:		
Accounts receivable	(27,631)	(82,340)
Increase (decrease) in:		
Accounts payable	81,541	105,602
Other current liabilities	<u>(1,436)</u>	<u>9,952</u>
Net cash provided by operating activities	<u>60,666</u>	<u>105,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(41,635)</u>	<u>(31,319)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new loans	28,030	-
Reduction of outstanding debt	(41,554)	(18,545)
Increase (decrease) in officer loans	(20,030)	(54,854)
Increase (decrease) in due to affiliates	<u>2,128</u>	<u>-</u>
Net cash used by financing activities	<u>(31,426)</u>	<u>(73,399)</u>
NET INCREASE (DECREASE) IN CASH	(12,395)	450
CASH AND CASH EQUIVALENTS, beginning of year	<u>36,323</u>	<u>35,873</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 23,928</u>	<u>\$ 36,323</u>

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

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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 accompanying 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 support and revenues and expenses during the reporting period. The Foundation regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

Significant estimates included in or affecting the presentation of the accompanying financial statements include provision for doubtful accounts and estimated useful lives of property and equipment.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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, could have a significant impact 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
Leaschold improvements	5 years
Vehicles	5 years

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Foundation is a non-profit organization that is exempt from income taxes under Section 501(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.

Advertising

The Company expenses the production cost of advertising the first time the advertising takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. As of December 31, 1998 and 1997, the Company had no direct-response advertising classified as assets and had incurred no other advertising expenses.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 1998 and 1997, were as follows:

	<u>1998</u>	<u>1997</u>
Cash on hand	\$ -	\$ -
Cash in bank - checking	<u>23,928</u>	<u>36,323</u>
	\$ <u>23,928</u>	\$ <u>36,323</u>

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of December 31, 1998 and 1997, are as follows:

	<u>1998</u>	<u>1997</u>
Buildings	\$ 127,716	\$ 127,716
Equipment	49,930	45,542
Furniture and fixtures	78,810	57,713
Leasehold improvements	31,177	31,177
Vehicles	<u>100,977</u>	<u>84,827</u>
	388,610	346,975
Less accumulated depreciation	<u>184,419</u>	<u>168,196</u>
	<u>\$ 204,191</u>	<u>\$ 178,779</u>

Depreciation expense for the years ended December 31, 1998 and 1997, was \$ 16,223 and \$ 17,563, respectively.

NOTE D - RELATED PARTY TRANSACTIONS

The amount due from affiliates of \$ 104,046 and \$ 106,174 at December 31, 1998 and 1997, respectively, and the amount due to affiliates of \$ 8,118 at December 31, 1998 and 1997, represent funds advanced to and from the Foundation and various entities under common management for various reimbursable operating expenses. Accounts receivable at December 31, 1998 and 1997, includes \$ 44,797 and \$ 108,808, respectively, from such related parties, and accounts payable at December 31, 1998 and 1997, includes \$ 175,681 and \$ 122,307, respectively, payable to such related parties for operating expenses.

The amount due to officers at December 31, 1998 and 1997, totalling \$ 28,998 and \$ 49,033, represents funds advanced by officers to the Foundation for current working capital needs. These amounts do not bear interest and have no set payment or settlement date. Management does not anticipate that this liability will be liquidated in the current period.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE D - RELATED PARTY TRANSACTIONS (continued)

During the years ended December 31, 1998 and 1997, 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 for each of the years ended December 31, 1998 and 1997. The Foundation also leased facilities from Professional Rehabilitation Services, Inc., which also shares common management with the Foundation, for a total of \$ 36,000 for each of the years ended December 31, 1998 and 1997. 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, 1997 and 1996, totalled \$ 7,000 and \$ 11,620, respectively.

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, 1998 and 1997, totalled \$ 67,426 and \$ 42,000.

NOTE E - NOTES PAYABLE

Notes payable at December 31, 1998 and 1997, consists of the following:

	<u>1998</u>	<u>1997</u>
Note payable to a local bank, payable in monthly installments of \$ 753, including interest at variable rates; secured by real estate	\$ 13,891	\$ 21,490
Note payable to a local bank, payable in monthly installments of \$ 1,150, including interest at 10.5%; secured by real estate	2,296	14,951

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE E - NOTES PAYABLE (continued)

	<u>1998</u>	<u>1997</u>
Note payable to a local bank, payable in monthly installments of principal and interest; secured by guarantee of shareholder	<u>6,730</u>	<u>-</u>
	22,917	36,441
Less current portion	<u>12,138</u>	<u>18,545</u>
	\$ <u>10,779</u>	\$ <u>17,896</u>

NOTE F - SUPPLEMENTARY CASH FLOW INFORMATION

Cash payments for the years ended December 31, 1998 and 1997, for interest totalled \$ 8,541 and \$ 4,298, respectively. 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, 1998 and 1997.

The Foundation had no noncash investing and financing activities for the years ended December 31, 1998 and 1997.

Johnston & Hayden, LLC

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AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL 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 year ended December 31, 1998, and have issued our report thereon dated June 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether Human Service Foundations, Inc.'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*.

In planning and performing our audit, we considered Human Service Foundation, Inc.'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 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 10, 1999

A handwritten signature in cursive script, reading "Johnston G. Hayde". The signature is written in black ink and is positioned to the right of the date.

Johnston & Hayden, LLC

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AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

We have audited the compliance of Human Services Foundation, Inc., with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1998. Human Service Foundations, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Human Service Foundation, Inc.'s management. Our responsibility is to express an opinion on Human Service Foundation, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Human Service Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Human Services Foundation, Inc.'s compliance with those requirements.

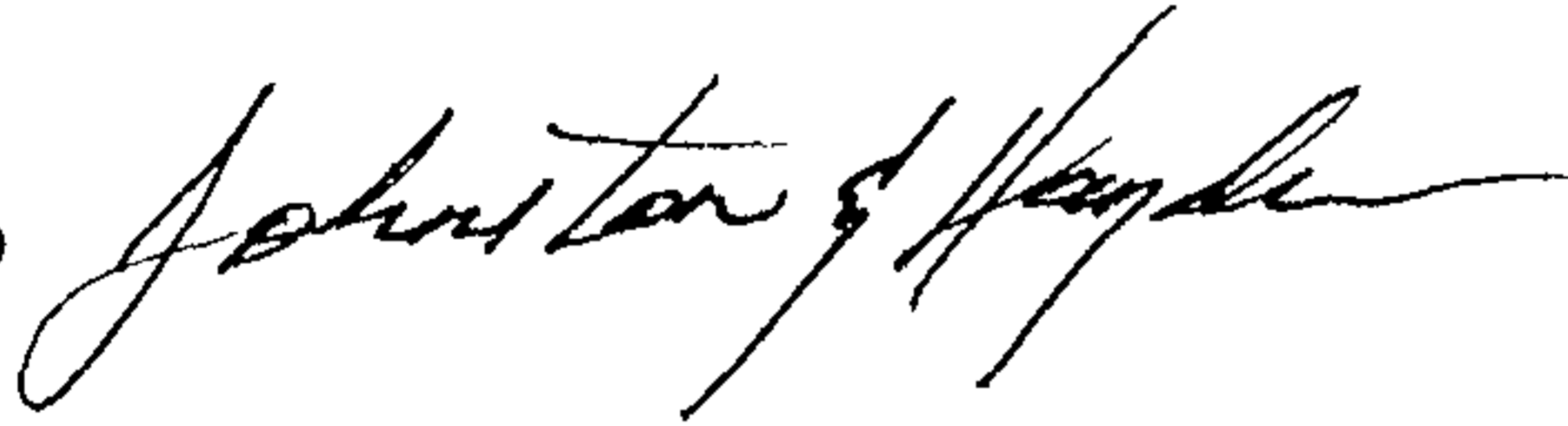
In our opinion, Human Services Foundation, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

The management of Human Services Foundation, Inc., is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Human Services Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants, that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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 10, 1999

A handwritten signature in cursive script, appearing to read "John T. Hays". The signature is written in black ink and is positioned to the right of the date "June 10, 1999".

SUPPLEMENTARY INFORMATION

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 1998

<u>Name of Federal Program/Cluster</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Education Pass-through from Department of Social Services, Louisiana Rehabilitation Services Formula Grants for Vocational Rehabilitation	84.126A	\$ 1,180,209
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	93.674	\$ 49,391
U. S. Department of Health and Human Services Pass-through from Department of Health and Hospitals, Office of Mental Health Federal Block Grants for Community Mental Health Services	93.958	\$ 33,718
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	93.959	\$ 245,420

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 1998

Section I- Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ___ yes _X_ no
- Reportable conditions identified that are not considered to be material weaknesses? ___ yes _X_ none reported

Noncompliance material to financial statements noted? ___ yes _X_ no

Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? ___ yes _X_ no
- Reportable conditions identified that are not considered to be material weaknesses? ___ yes _X_ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes _X_ no

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year Ended December 31, 1998

Section I- Summary of Auditors' Results (continued)

Identification of major programs:

<u>Name of Federal Program/Cluster</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Education Pass-through from Department of Social Services, Louisiana Rehabilitation Services Formula Grants for Vocational Rehabilitation	84.126A	\$ 1,180,209

Dollar threshold used to distinguish
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 yes

 X no

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year Ended December 31, 1998

Section II - Financial Statement Findings

There were no findings relating to the financial statements for the year ended December 31, 1998.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year Ended December 31, 1998

Section III - Federal Award Findings and Questioned Costs

There were no findings nor questioned costs relating to Federal awards and expenditures for the year ended December 31, 1998.