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Human Services Foundation, Inc.

Baton Rouge, Louisiana

*Financial Statements
and Supplementary Information*

Year Ended December 31, 2007

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

Release Date 8/13/08

Johnston & Hayden, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. JOHNSTON, CPA (P.C.)
RICHARD E. HAYDEN, CPA (P.C.)

INDEPENDENT AUDITOR'S 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, 2007, and the related statements of support and revenue and expenses, changes in fund equity, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and provisions of Office 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 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.

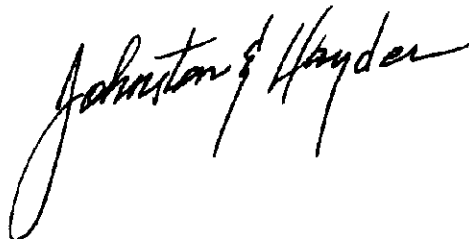
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity of Human Services Foundation, Inc. as of December 31, 2007, and the changes in its fund balances and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

The accompanying financial statements have been prepared assuming that the Foundation will continue as a going concern. As discussed in Note E to the financial statements, the Foundation has experienced substantial operating losses and discontinuance of several programs. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our reports dated July 24, 2008, on our consideration of Human Services Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. These reports are an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the auditor's report on the financial statements.

July 24, 2008

A handwritten signature in cursive script, reading "Johnston & Hayden". The signature is written in dark ink and is positioned to the right of the date "July 24, 2008".

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY

December 31, 2007

ASSETS

CURRENT:

Cash and cash equivalents	\$ 44,562
Accounts receivable	<u>60,308</u>
Total Current Assets	<u>104,870</u>

PROPERTY AND EQUIPMENT:

Buildings	26,510
Equipment and furniture	221,216
Land	113,216
Leasehold improvements	48,497
Vehicles	<u>90,327</u>

	499,766
Less accumulated depreciation	<u>361,265</u>

Net Property and Equipment	<u>138,501</u>
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OTHER:

Deposits	<u>1,549</u>
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TOTAL ASSETS	\$ <u>244,920</u>
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The accompanying notes are an integral part of these financial statements.

LIABILITIES

CURRENT:

Accounts payable	33,036
Payroll taxes payable	<u>3,291</u>

TOTAL LIABILITIES (all current)	<u>36,327</u>
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<u>FUND EQUITY</u>	<u>208,593</u>
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TOTAL LIABILITIES AND FUND EQUITY	\$ <u><u>244,920</u></u>
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HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

STATEMENT OF SUPPORT AND REVENUE AND EXPENSES

Year Ended December 31, 2007

SUPPORT AND REVENUE:

Contracts and grants	\$ 1,365,507
Other	<u>224,548</u>
Total Support and Revenue	<u>1,590,055</u>

EXPENSES:

Program services:	
22nd JDC program	120,000
Amite Substance Abuse Center	174,769
Foundation House	56,433
Job Company	643,335
Livingston Parish Substance Abuse Center	<u>259,179</u>

Total Program Services	<u>1,253,716</u>
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Support services:	
Management and general	<u>911,425</u>

Total Support Services	<u>911,425</u>
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Total Expenses	<u>2,165,141</u>
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Excess (Deficiency) of Support and Revenue Over Expenses	<u>\$ (575,086)</u>
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The accompanying notes are an integral part of these financial statements.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

STATEMENT OF CHANGES IN FUND EQUITY

Year Ended December 31, 2007

FUND EQUITY, beginning of year	\$ 783,679
Excess (deficiency) of support and revenue over expenses	(<u>575,086</u>)
FUND EQUITY, end of year	\$ <u>208,593</u>

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

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

Year Ended December 31, 2007

CASH FLOW FROM OPERATING ACTIVITIES:

Net cash used by operating activities
(see Note D) \$(540,807)

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash payments for the purchase of assets (12,010)

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on long-term debt (109,618)
Decrease in Due from affiliates 694,176

Net cash provided by financing activities 584,558

NET INCREASE IN CASH 31,741

CASH AND CASH EQUIVALENTS, beginning of year 12,821

CASH AND CASH EQUIVALENTS, end of year \$ 44,562

Cash payments for interest and income taxes:

Interest \$ 9,770

Income taxes \$ -

The accompanying notes are an integral part of these 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, 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.

During the current year, programs operated by the Foundation were closed, including 18th JDC program, 21st JDC program, 22nd JDC program, 22nd Juvenile JDC program, Amite Substance Abuse Center, Foundation House, and Livingston Parish Substance Abuse Center. The only program the Foundation currently operates is The Job Company. (See Note E.)

On September 28, 2007, the long standing President resigned and the presidency was filled by a program director.

Method of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 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 purposes 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, and grants through the Department of Social Services, and Office of Community Services.

As the State of Louisiana is the Foundation's major source of revenue, 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. (See Note E.)

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs and minor renewals are charged to earnings when 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.

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 and furniture	5 – 7 years
Leasehold improvements	5 years
Vehicles	5 years

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.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Foundation expenses the production costs of advertising the first time the advertising takes place, except direct response advertising, which is capitalized and amortized over its expected period of future benefits. At December 31, 2007, the Foundation had no direct-response advertising classified as assets and all advertising was expensed as incurred.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2007 were as follows:

Cash on hand	\$ -
Cash in bank – checking	<u>44,562</u>
	\$ <u>44,562</u>

NOTE C - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2007, amounts due from affiliates of \$694,176 were collected by the Foundation. There were no outstanding receivables from affiliates owed to the Foundation as of December 31, 2007

The Foundation rents facilities for its Job Company program from an entity with which it shares common management under an informal operating lease. Rent expense under this lease for the year ended December 31, 2007, was \$ 10,000.

The Foundation utilizes facilities owned by an entity with which it shares common management, at no cost to the Foundation. No rent or depreciation expense is recorded in the accompanying financial statements for such usage.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE D – SUPPLEMENTARY CASH FLOW INFORMATION

Cash flows from operating activities for the year ended December 31, 2007 were as follows:

Excess (deficiency) of revenues over expenses	\$(575,086)
Adjustments to reconcile excess (deficiency) of revenues over expense to cash from operating activities:	
Depreciation	3,779
(Increase) decrease in:	
Accounts receivable	670,167
Other assets	(1,549)
Increase (decrease) in:	
Accounts payable	(496,858)
Accrued liabilities	(141,260)
 Net cash used by operating activities	 \$(<u>540,807</u>)

NOTE E – GOING CONCERN

The Foundation's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Foundation experienced substantial operating losses and discontinuance of several programs. These financial conditions, if continued, may in and of themselves create doubt as to the Foundation's ability to continue as a going concern. See Note A – Summary of Significant Accounting Policies (Accounts Receivable section).

As stated in Note A, the Foundation lost funding for and ceased operations of the 18th Judicial Drug Court program, 21st Judicial Drug Court Program, 22nd Judicial Drug Court Program, 22nd Juvenile Judicial Drug Court Program, Amite Substance Abuse Center, Livingston Parish Substance Abuse Center, and Foundation House which provided a substantial portion of the Foundation's revenues. While the loss of funding represents a significant reduction in revenue, the reduced operations result in an offsetting reduction in expenses. Management is currently seeking new sources of revenue, through contracts with state government. Additionally, all long term obligations were liquidated in the current year.

The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED 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, 2007, and have issued our report thereon dated July 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Human Service Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs, Findings 07-2, 07-3, and 07-4, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

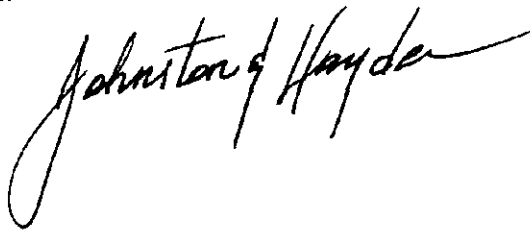
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider all of the significant deficiencies referenced above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Human Services Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*, and are identified in the accompanying Schedule of Findings and Questioned Costs.

This report is intended solely for the information and use of management, others within the entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

July 24, 2008

A handwritten signature in black ink, appearing to read "Johnston & Hayde", written over a horizontal line.

SUPPLEMENTARY INFORMATION

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2007

<u>Name of Federal Program/Cluster</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services Pass-through Department of Health and Hospitals, Office for Addictive Disorders Federal Block Grants for Alcohol and Drug Abuse	93.959	\$ 175,220

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2007

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? X yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes X no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weakness? 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, 2007

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>
None		

Dollar threshold used to distinguish
Between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year Ended December 31, 2007

Section II – Financial Statement Findings

FINDING NO 07-1 – AUDIT REPORTS

Condition: The Foundation did not submit a complete audit report of its financial statements and compliance and internal control within the period prescribed by applicable regulations. The submission of this audit will meet the audit requirement.

Criteria: Louisiana Legislative Auditor regulations and contractual agreements with various state agencies require submission of the Foundation's audited financial statements within six months of the end of the Foundation's fiscal year.

Cause: Changes in administration of the entity required additional time to complete bookkeeping functions and to gather information for proper year end close and auditing procedures to be performed.

Effect: The Foundation could be subject to administrative actions imposed by the Louisiana Legislative Auditor, as well as the various state agencies with which they are contracted, including loss of eligibility for future contracts.

Recommendation: The submission of this report will satisfy the Foundation's audit requirement for the year ended December 31, 2007. The Foundation should make adequate plans to submit future audits in a timely manner.

FINDING NO 07-2 – FINANCIAL STATEMENTS

Condition: The Foundation does not have management or employees with sufficient expertise in selecting and applying accounting principles to prepare financial statements in accordance with generally accepted accounting principles.

Criteria: Regulations promulgated by the Office of Management and Budget require that organizations receiving Federal funds maintain financial management systems that provide for: (a) accurate, current and complete disclosure of the financial results of each program, (b) records that identify adequately the source and application of funds, and (c) accounting records that are supported by source documentation (OMB Circular A-110, Section ____ .21).

Cause: The Foundation's management does not find it cost efficient to maintain accounting staff with the skills and training to prepare financial statements in accordance with generally accepted accounting principles.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year Ended December 31, 2007

Section II – Financial Statement Findings (continued)

FINDING NO 07-2 – FINANCIAL STATEMENTS (continued)

Effect: The Foundation's accounting required material adjustments to present fairly the financial condition and operations.

Recommendation: It is recommended that the foundation obtain adequately trained support personnel to allow for preparation of financial statement in accordance with generally accepted accounting principles.

FINDING NO 07-3 – MONITORING

Condition: The Foundation's management oversight of transaction entry to the general ledger and recording recurring and nonrecurring adjustments to the general ledger is ineffective.

Criteria: Regulations promulgated by the Office of Management and Budget require that organizations receiving Federal funds maintain financial management systems that provide for: (a) accurate, current and complete disclosure of the financial results of each program, (b) records that identify adequately the source and application of funds, and (c) accounting records that are supported by source documentation (OMB Circular A-110, Section __.21).

Cause: The Foundation experienced a change in administration and the bookkeeper resigned in the current year and the position was not filled by year end.

Effect: The Foundation's automated general ledger system was not maintained on a current basis. Additionally, the Foundation maintains a separate subsystem for cost reporting and disbursement requests which were not reconciled to the automated general ledger system. As a result, the Foundation's accounting records contained errors that were not detected and corrected in a timely manner.

Recommendation: Management should take a more active role in monitoring and reviewing accounting records.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year Ended December 31, 2007

Section II – Financial Statement Findings (continued)

FINDING NO 07-4 – CONTROL ENVIRONMENT

Condition: The Foundation's consciousness of control within the organization, as established by management, does not place significant emphasis on maintaining a sufficient control environment.

Criteria: Regulations promulgated by the Office of Management and Budget require that organizations receiving Federal funds maintain financial management systems that provide for: (a) accurate, current and complete disclosure of the financial results of each program, (b) records that identify adequately the source and application of funds, and (c) accounting records that are supported by source documentation (OMB Circular A-110, Section ___.21).

Cause: The Foundation experienced a change in administration that was disruptive to the control environment.

Effect: The Foundation's automated general ledger system was not maintained on a current basis. Additionally, the Foundation maintains a separate subsystem for cost reporting and disbursement requests which were not reconciled to the automated general ledger system. As a result, the Foundation's accounting records contained errors that were not detected and corrected in a timely manner.

Recommendation: Management is responsible for setting a tone that encourages a consciousness of control within the organization and establishes an environment to maintain healthy controls. Management should take an active role in monitoring and reviewing accounting records and the operation of controls to encourage a healthy control environment.

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year Ended December 31, 2007

Section III – Federal Award Findings and Questioned Costs

HUMAN SERVICES FOUNDATION, INC.
Baton Rouge, Louisiana

AUDITOR'S COMMENTS OF AUDIT RESOLUTION MATTERS
RELATING TO FEDERAL AWARDS

There were no findings or questioned costs in the prior audit report dated May 14, 2007.

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MICHAEL D. JOHNSTON, CPA (P.C.)
RICHARD E. HAYDEN, CPA (P.C.)

July 24, 2008

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

In planning and performing our audit of the financial statements of Human Services Foundation, Inc. as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Human Services Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

The Foundation does not have management or employees with sufficient expertise in selecting and applying accounting principles to prepare financial statements in accordance with generally accepted accounting principles.

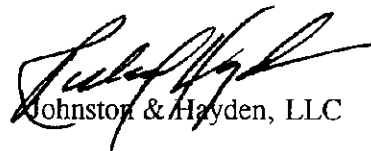
The Foundation's management oversight of transaction entry to the general ledger and recording recurring and nonrecurring adjustments to the general ledger is ineffective.

The Foundation's consciousness of control within the organization, as established by management, does not place significant emphasis on maintaining a sufficient control environment.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We consider all of the significant deficiencies described above to be material weaknesses.

This communication is intended solely for the information and use of management, the board of directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Johnston & Hayden, LLC



Human Services Foundation

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Larrysumerford@yahoo.com
Corrective Action Plan

Human Services Foundation, Inc.
Baton Rouge, Louisiana

Finding No. 07-1 – Audit Reports

Comments on Findings and Recommendations:

We concur with the audit finding regarding late audit reports.

Actions Taken or Planned:

In order to ensure timely audit reports in the future, we have recently obtained new accounting software that we believe will help in maintaining current records and have hired an outside accounting service to maintain a general ledger and prepare periodic financial statements.

Finding No. 07-2 – Financial Statements

Comments on Findings and Recommendations:

We concur with the audit finding regarding preparation of financial statements.

Actions Taken or Planned:

As stated above we have taken steps to make improvements in our accounting. We do believe that due to the size of our foundation and the cost involved it may not be efficient that we hire an internal accountant with necessary knowledge to prepare financial statements in accordance with generally accepted accounting principles.



****The Job Company **Convention Street Substance Abuse Clinic
Foundation House of Zachary **TJC's Transportation

Finding No. 07-3 – Monitoring

Comments on Findings and Recommendations:

We concur with the audit finding regarding management's monitoring of general ledger activities.

Actions Taken or Planned:

As stated in the finding we have new management in place that intends to take a more active role in monitoring and reviewing accounts and entries into the general ledger system.

Finding No. 07-4 – Control Environment

Comments on Findings and Recommendations:

We concur with the audit finding regarding the control environment.

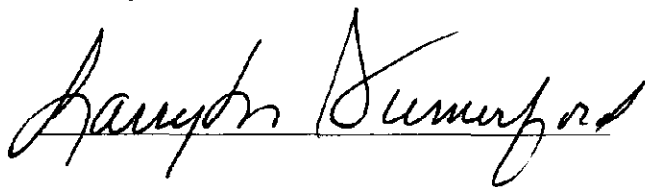
Actions Taken or Planned:

As stated in the finding we have experienced a change in management. Management plans to take a more active role in regular daily monitoring of accounting records and the operation of controls to encourage a healthy environment.

Status of Corrective Actions on Prior Findings:

There were no findings or questioned costs in the prior audit report.

Sincerely,

A handwritten signature in cursive script, reading "Hampton Summerford". The signature is written in dark ink and is positioned below the word "Sincerely,".