2010 AUDIT

010315

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.

Consolidating Financial Statements
and Supplementary Information

Year Ended June 30, 2010

(With Independent Auditors' Report Thereon)

Kahn, Litwin, Renza & Co., Ltd.
Providence • Boston • Waltham • Newport

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KLR

Certified Public Accountants and Business Consultants

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.

CONSOLIDATING FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The KEY Program Incorporated and
Alternatives for Youth Foundation, Inc.:

We have audited the accompanying consolidating balance sheet of The KEY Program Incorporated and Alternatives for Youth Foundation, Inc. as of June 30, 2010, and the related consolidating statement of activities and changes in net assets, The KEY Program Incorporated Inc.'s statement of functional expenses and the consolidated statement of cash flows for the year then ended. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2009 audited consolidating financial statements and, in our report dated November 9, 2009, we expressed an unqualified opinion on those consolidating financial statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating and consolidated 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 consolidating and consolidated financial statements referred to above present fairly, in all material respects, the consolidating financial position of The KEY Program Incorporated and Alternatives for Youth Foundation, Inc. as of June 30, 2010 and the changes in their consolidating net assets and The KEY Program Incorporated's statement of functional expenses and their consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2010 on our consideration of The KEY Program Incorporated's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidating and consolidated financial statements of The KEY Program Incorporated and Alternatives for Youth Foundation, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards for The KEY Program Incorporated is presented for purposes of additional analysis as required by United States 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 consolidating and consolidated financial statements of the Organization. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidating and consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidating and consolidated financial statements taken as a whole.

Kahn, Litwin, Renza & Co., Ltd.

November 10, 2010

THE KEY PROGRAM INCORPORATED AND
ALTERNATIVES FOR YOUTH FOUNDATION, INC.
CONSOLIDATING BALANCE SHEET
June 30, 2010
(With Comparative Totals at June 30, 2009)

Assets	2010 The KEY Program	2010 AYF	2010 Eliminations	2010 Consolidated Total	2009 Consolidated Total
Current Assets:					
Cash and cash equivalents	$ 5,060,878	$ 19,066	$ -	$ 5,079,944	$ 3,933,161
DCF custodial accounts	310,728	-	-	310,728	372,254
Contracts and accounts receivable, net	2,872,188	39,500	-	2,911,688	2,778,894
Cash surrender value of deferred compensation plan	-	-	-	-	1,069,397
Advances	20,883	-	-	20,883	25,054
Prepaid expenses	86,501	-	-	86,501	78,366
Total current assets	8,351,178	58,566	-	8,409,744	8,257,126
Investments, at fair value	3,568,783	10,623,306	-	14,192,089	12,278,418
Property and Equipment	9,361,772	-	-	9,361,772	9,141,750
Less accumulated depreciation	6,068,129	-	-	6,068,129	5,765,429
Net property and equipment	3,293,643	-	-	3,293,643	3,376,321
Other Assets:					
Restricted cash	35,544	-	-	35,544	-
Security deposits and other assets	65,510	-	-	65,510	44,426
Total other assets	101,054	-	-	101,054	44,426
Total Assets	$ 15,314,658	$ 10,681,872	$ -	$ 25,996,530	$ 23,956,291

See accompanying notes to consolidating financial statements and independent auditors' report.

THE KEY PROGRAM INCORPORATED AND
ALTERNATIVES FOR YOUTH FOUNDATION, INC.
CONSOLIDATING BALANCE SHEET
June 30, 2010
(With Comparative Totals at June 30, 2009)

	2010				2009
Liabilities and Net Assets	The KEY Program	AYF	Eliminations	Consolidated Total	Consolidated Total
Current Liabilities:					
Accounts payable	$ 1,016,379	$ 13,949	$ -	$ 1,030,328	$ 865,462
Accrued expenses	3,265,872	6,280	-	3,272,152	2,589,976
DCF custodial accounts	310,728	-	-	310,728	372,254
Grants payable	-	265,054	-	265,054	184,750
Deferred compensation payable	-	-	-	-	1,069,397
Retiree health benefits, current portion (note 8)	17,322	-	-	17,322	10,177
Surplus revenue (note 7)	553,287	-	-	553,287	883
Total current liabilities	5,163,588	285,283	-	5,448,871	5,092,899
Retiree health benefits, long term portion, (note 8)	1,518,858	-	-	1,518,858	1,170,532
Net assets, all unrestricted:					
Board designated for investment	-	10,396,589	-	10,396,589	8,700,131
Massachusetts surplus revenue retention (note 7)	4,845,495	-	-	4,845,495	3,678,331
Other unrestricted	3,786,717	-	-	3,786,717	5,314,398
Total net assets, all unrestricted	8,632,212	10,396,589	-	19,028,801	17,692,860
Total Liabilities and Net Assets	$ 15,314,658	$ 10,681,872	$ -	$ 25,996,530	$ 23,956,291

See accompanying notes to consolidating financial statements and independent auditors' report.

THE KEY PROGRAM INCORPORATED AND
ALTERNATIVES FOR YOUTH FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	2010				2009
	The KEY Program	AYF	Eliminations	Consolidated Total	Consolidated Total
Changes in net assets, all unrestricted:					
Revenue:					
Program service fees	$ 29,873,430	$ -	$ -	$ 29,873,430	$ 31,111,375
Grant revenue	192,457	1,000,000	(1,000,000)	192,457	182,182
Contributions and other income	431,288	-	-	431,288	571,724
Investment income (loss)	212,178	939,481	-	1,151,659	(2,119,904)
Gain on sale of property and equipment	11,004	-	-	11,004	3,172
Total unrestricted revenue	30,720,357	1,939,481	(1,000,000)	31,659,838	29,748,549
Expenses (note 3):					
Outreach and tracking	5,440,132	-	-	5,440,132	5,318,715
Residential treatment program	10,620,886	-	-	10,620,886	11,155,120
Shelter program	5,236,516	-	-	5,236,516	5,182,360
Mental health clinic	1,746,269	-	-	1,746,269	1,671,977
Community re-entry center	937,218	-	-	937,218	1,206,200
Family based services	2,624,078	-	-	2,624,078	3,784,196
Grant awards	1,000,000	224,700	(1,000,000)	224,700	178,475
Administrative and general	2,729,263	18,323	-	2,747,586	2,715,989
Total expenses	30,334,362	243,023	(1,000,000)	29,577,385	31,213,032
Changes in unrestricted operating net assets	385,995	1,696,458	-	2,082,453	(1,464,483)
Change in accumulated postretirement benefit obligation (note 8)	(194,108)	-	-	(194,108)	219,861
Change in surplus revenue retention liability (note 7)	(552,404)	-	-	(552,404)	-
Changes in unrestricted non-operating net assets	(746,512)	-	-	(746,512)	219,861
Changes in total net assets, all unrestricted	(360,517)	1,696,458	-	1,335,941	(1,244,622)
Net assets, beginning of year	8,992,729	8,700,131	-	17,692,860	18,937,482
Net assets, end of year	$ 8,632,212	$ 10,396,589	$ -	$ 19,028,801	$ 17,692,860

See accompanying notes to consolidating financial statements and independent auditors' report.

THE KEY PROGRAM INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	2010									2009
	Outreach and Tracking	Residential Treatment Prog.	Shelter Program	Mental Health Clinic	Community Re-entry Center	Family Based Services	Grants and Awards	Administrative and General	Total	Total
Salaries	$ 3,381,959	$ 6,831,550	$ 3,401,678	$ 841,914	$ 446,705	$ 1,536,992	$ -	$ 1,506,536	$ 17,947,334	$ 18,670,022
Payroll taxes	334,857	673,193	339,054	79,270	32,099	150,026	-	125,815	1,734,314	1,587,007
Health, dental, disability, and other fringe benefits	523,782	980,177	494,625	132,313	69,854	185,750	-	139,880	2,526,381	2,847,995
Retirement plan	148,342	205,787	121,305	55,743	9,297	98,662	-	141,576	780,712	629,998
Retiree health insurance plan	28,224	55,560	32,887	9,850	2,961	19,304	-	12,575	161,361	164,651
Deferred compensation plan	-	-	-	-	-	-	-	-	-	444,230
Total salaries and related expenses	4,417,164	8,746,267	4,389,549	1,119,090	560,916	1,990,734	-	1,926,382	23,150,102	24,343,903
Advertising/recruitment	19,040	46,854	16,165	3,101	4,517	1,627	-	10,609	101,913	112,068
Allowances	482	5,871	684	-	-	-	-	-	7,037	7,449
Bad debt expense	-	-	-	8,070	-	-	-	-	8,070	11,795
Client assistance	676	-	-	-	-	281,971	-	-	282,647	487,573
Clinical and professional consultants	33,041	79,653	112,544	375,428	-	-	-	116,182	716,848	750,772
Data processing	-	-	-	-	-	-	-	100,942	100,942	100,872
Depreciation and amortization	23,062	121,270	68,465	11,158	14,665	5,986	-	75,443	320,049	345,597
Donations	-	-	-	-	-	-	1,000,000	-	1,000,000	-
Dues, subscriptions and conferences	2,208	7,334	4,475	3,359	552	308	-	72,434	90,669	97,066
Duplicating and printing	29,045	4,066	10,231	7,505	8,736	1,222	-	17,096	77,901	79,024
Educational supplies	2,151	622	3,517	301	2,305	-	-	-	8,896	16,092
Equipment	24,664	94,047	41,217	3,846	16,094	-	-	371	180,239	80,561
Household food and supplies	10,754	426,622	164,166	482	1,230	98	-	13,779	617,131	695,839
Insurance	40,311	85,074	40,203	11,242	6,698	12,975	-	55,231	251,734	270,984
Legal and professional fees	1,000	-	-	-	-	-	-	129,324	130,324	130,444
Maintenance and improvements	42,278	372,723	134,195	5,878	11,017	2,269	-	17,607	585,967	461,574
Miscellaneous	408	495	284	-	126	-	-	12,645	13,958	16,240
Office supplies and expenses	43,655	36,528	21,249	7,469	3,407	4,600	-	66,988	183,896	194,326
Recreation and education	42,802	113,619	41,246	1,544	50,590	7	-	10,928	260,736	211,069
Rent	234,296	35,922	11,940	97,264	172,205	47,604	-	7,527	606,758	614,568
Shelter, clothing and medication	7,704	44,321	7,154	122	2,035	625	-	-	61,961	59,516
Staff training	22,555	11,001	6,271	2,175	3,525	734	-	34,477	80,738	87,531
Subcontractor payments	-	7,850	-	63,776	-	227,214	-	-	298,840	522,604
Telephone	98,038	66,102	32,603	17,282	31,743	8,238	-	14,280	268,286	270,930
Transportation expenses	310,112	160,959	65,041	1,713	33,922	37,316	-	30,171	639,264	730,652
Utilities	34,686	153,656	65,317	5,465	12,935	550	-	16,847	289,456	311,471
Total expenses before administration allocation	5,440,132	10,620,886	5,236,516	1,746,269	937,218	2,624,078	1,000,000	2,729,263	30,334,362	31,010,520
Administration allocation	542,886	1,030,387	508,258	167,169	90,171	251,512	-	(2,590,383)	-	-
Total program expenses	$ 5,983,018	$ 11,651,273	$ 5,744,774	$ 1,913,438	$ 1,027,389	$ 2,875,590	$ 1,000,000	$ 138,880	$ 30,334,362	$ 31,010,520

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

KLR

	2010	2009
Cash Flows from Operating Activities:		
Changes in total net assets	$ 1,335,941	$ (1,244,622)
Adjustments to reconcile changes in total net assets to net cash provided by operating activities:		
Depreciation	320,049	345,597
Gain on sale of property and equipment	(11,004)	(3,172)
Unrealized and realized (gains) losses on investments	(852,956)	2,463,988
Decrease in allowance for doubtful accounts	-	1,799
Changes in assets and liabilities:		
Contracts and accounts receivable	(132,794)	809
Advances and prepaid expenses	(3,964)	22,237
Other assets	1,048,313	551,818
Accounts payable	164,866	(70,891)
Accrued expenses	682,176	853,284
Grants payable	80,304	(4,315)
Deferred compensation payable	(1,069,397)	(383,673)
Surplus revenue retention	552,404	-
Retiree health benefits	355,471	(55,206)
Net cash provided by operating activities	**2,469,409**	**2,477,653**
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	14,474	15,500
Acquisition of fixed assets	(240,841)	(261,468)
Proceeds from sale of investments	6,425,876	5,440,374
Purchases of investments	(7,486,591)	(7,690,113)
Investment in restricted cash	(35,544)	-
Net cash used by investing activities	**(1,322,626)**	**(2,495,707)**
Net Increase (Decrease) in Cash and Cash Equivalents	**1,146,783**	**(18,054)**
Cash and Cash Equivalents, beginning of year	**3,933,161**	**3,951,215**
Cash and Cash Equivalents, end of year	**$ 5,079,944**	**$ 3,933,161**

See accompanying notes to consolidating financial statements and independent auditors' report.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

1. Nature of Operations

The KEY Program Incorporated (KEY) is a not-for-profit human service organization organized under the laws of the Commonwealth of Massachusetts. KEY is a public charity exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Alternatives for Youth Foundation, Inc. (AYF) is a not-for-profit organization formed as a membership organization with a sole corporate member (KEY). AYF is also tax exempt under Section 501(c)(3) of the Internal Revenue Code and was formed for the purpose of providing financial and other support to KEY. It is the intention of KEY to transfer a substantial portion of its undesignated net assets to AYF for investment management purposes.

AYF has substantially the same Board of Directors as KEY. These financial statements consist of the consolidating and consolidated financial statements of The KEY Program Incorporated and Alternatives for Youth Foundation, Inc. (collectively, the Organizations). The statements have been prepared on the accrual basis of accounting and include all assets and liabilities of the respective Organizations. Intercompany transactions have been eliminated so as not to overstate the consolidated results of operations and financial position.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organizations is presented to assist in understanding Organizations' financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation
The accompanying consolidating and consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidating financial statements for the year ended June 30, 2009, from which the summarized information was derived.

The net assets of the Organizations have been broken down into three different classifications as follows:

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

Unrestricted net assets - Consist of unrestricted amounts which are available for use in carrying out the mission of the Organizations.

Temporarily restricted net assets - Consist of those amounts which are donor restricted for a specific purpose. When a donor restriction expires, either by the passage of a stipulated time restriction or by the accomplishment of a specific purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidating statement of activities and changes in net assets as net assets released from restrictions. The Organizations have elected, however, to report restricted contributions whose restrictions are met in the same reporting period as they are received as unrestricted support.

Permanently restricted net assets - Result from contributions from donors who place restrictions on the use of donated funds mandating that the original principal remain invested in perpetuity.

Cash and Cash Equivalents

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

For purposes of the consolidated statement of cash flows, none of the investments held in the Organizations' investment portfolio (note 4) are included as cash and cash equivalents, regardless of the type of investment, as it is the Organizations' intention that the funds deposited in the investment account are not for current purposes.

Contracts and Accounts Receivable

Contracts and accounts receivable are carried at anticipated net realizable value. Doubtful accounts are provided for on the basis of anticipated collection losses. The estimated losses are determined from historical collection experience and a review of outstanding contracts and accounts receivable. A receivable is considered past due if the Organizations' have not received payment within customers' stated terms. The Organizations do not accrue interest on contracts and accounts receivable. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The allowance for doubtful accounts was approximately $27,200 at June 30, 2010.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed as incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from three to thirty-three and one third years, in compliance with the Massachusetts Code of Regulation 801 CMR 1.00 and the Federal requirements of OMB Circular A-122.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

As of June 30, 2010, KEY held a total of $34,801 in fixed assets purchased with capital budget funding from the Commonwealth of Massachusetts. It is anticipated that these assets will remain with KEY for their entire economic life.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses are included as part of investment income in the consolidating statement of activities and changes in net assets. Interest and dividends, net of advisory fees, are also reported as part of investment income.

Fair Value Measurements
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organizations have the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.

The following represents the Organizations' fair value hierarchy for its securities, measured at fair value on a recurring basis:

Level 1 investments owned and listed on a National Securities Exchange, are valued at the last recorded sales price as of the financial statement reporting date, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Level 2 investment values are determined by obtaining non-binding market prices from the Organizations' third party portfolio managers as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded.

Revenue Recognition
KEY receives the majority of its funding through fee for service and cost reimbursement contracts for which revenue is recognized when services to clients have been rendered and/or contractual obligations have been met.

The Organizations recognize contributions in the fiscal year in which the contribution is made.

Income Taxes
The Organizations' annually file IRS Form 990 -- *Return of Organization Exempt From Income Tax* reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities and are subject to examination by the IRS, generally for three years after they are filed. Management believes that the Organizations operate in a manner consistent with their tax exempt status at both the state and Federal level.

Concentrations of Credit and Market Risk
Financial instruments that potentially expose the Organizations to concentrations of credit and market risk consist primarily of cash and cash equivalents, contracts and accounts receivable and investments. The Organizations maintain their operating accounts in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits.

Because Key has funds on deposit with the bank that are in excess of the FDIC limits, they have made special arrangements with the bank to place all but a minimal amount of cash (usually less than $100,000) into a Premium Cash Management Account. The funds in this account are used to purchase Federally-backed marketable securities. As KEY writes checks, the bank automatically liquidates an appropriate amount of these Federally-backed marketable securities and transfers the needed funds into the checking account. Thus, while KEY had over $5 million on deposit at the bank at year-end, the majority of these funds were invested in Federally-backed marketable securities and the remainder was covered by FDIC insurance.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

Most of KEY's outstanding receivables at June 30, 2010 were from the federal or state government. Based on collections to date and past history of collections, KEY has determined that at June 30, 2010, allowances for uncollectible amounts of approximately $27,200 are considered necessary. Management does not believe the Organizations' investments represent significant concentrations of market risk in as much as the Organizations' investment portfolios are diversified to the extent possible.

Estimates and Assumptions
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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Allocation of Expenses
Certain costs of KEY benefit more than one program and/or support service. Accordingly, these costs have been allocated among the programs benefited.

Subsequent Events
Management has evaluated subsequent events through November 10, 2010, which is the date these financial statements were available to be issued.

3. Program Services Efforts (Unaudited)

The mission of KEY is to reshape the lives of troubled youth. KEY accomplishes its mission through a number of programs as described below:

Outreach and tracking, and community re-entry center - Care is provided while the client lives at home, in a foster home, or independently. The caseworker's primary job is to structure, support, and supervise the client's life, and to advocate on the client's behalf. Community re-entry centers are designed specifically for juvenile offenders. Youths report regularly to the center and participate in a highly structured program of life skills, counseling, family work and recreation. The community re-entry centers are closely linked to, and receive active support from, local community groups. During the current year, KEY provided these services to 1,979 youths.

THE KEY PROGRAM INCORPORATED AND
ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

Residential treatment program - KEY provides a full range of residential services to adolescents and young adults from the child welfare, juvenile justice, and mental health systems, with lengths of stay varying from 3 to 18 months. Services include education, individual, group and family counseling, behavior management, recreational activities, advocacy and life skills training, including independent living. During the current year, KEY provided services to a total of 390 adolescents and young adults.

Shelter program - This program offers emergency placement services for runaways, truants, juvenile offenders, abused and neglected youth. Care is delivered in a foster home or a shelter facility. During the current year, KEY provided these services to a total of 1,225 youths.

Mental health clinic - KEY provides a full range of outpatient mental health services to adolescents and their families including individual and group therapy, assessment and diagnostic testing. During the current year, KEY provided these services to a total of 821 families.

Family networks - Family networks is a care management program for child welfare recipients. Under this program, KEY directs the care management of children and families with providers for residential, aftercare, and specialized family support services. During the current year, KEY provided these services to a total of 9,453 families.

Alternatives for Youth
The purpose of AYF is to support programs and activities that are fundamentally consistent with KEY's mission to reshape the lives of troubled youth and families. AYF accomplishes this goal by providing grant funding, as follows:

Start-up funds - For new and innovative projects in the field of juvenile justice, child welfare, and mental health that are related to AYF's stated purpose.

General operating support - For not-for-profit organizations having a demonstrated record of accomplishment in promoting advances and improvements in the juvenile justice, child welfare, and/or mental health systems.

Project support - For projects that have successfully addressed important juvenile justice, child welfare, and/or mental health problems, and offer the potential for local, state, and/or national replication.

Academic scholarships - For former clients of KEY who are working toward continuing their education in an accredited institution and for students pursuing an advanced degree in social work.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

4. **Investments, at Fair Value**

The following table summarizes the Organizations' investments measured at fair value on a recurring basis as of June 30, 2010, aggregated by the fair value hierarchy level within which those measurements were made:

	Level 1	Level 2	Total
Cash and cash equivalents	$ 4,163,704	$ -	$ 4,163,704
Mutual funds	1,986,032	-	1,986,032
Corporate equities	4,920,096	-	4,920,096
Corporate bonds	-	3,006,661	3,006,661
Alternative investments	115,596	-	115,596
Total investments at fair value	$ 11,185,428	$ 3,006,661	$ 14,192,089

During the year ended June 30, 2010, the Organizations' investments earned $366,736 in interest and dividends and $852,956 in net realized and unrealized gains, less $68,033 in investment fees.

5. **DCF Custodial Accounts**

Effective September 30, 2005, the Department of Children and Families (DCF) terminated the Commonworks Program. The surplus from the Commonworks Program development funds at the date of termination remain with KEY and are classified as custodial accounts on the consolidating balance sheet. KEY has custody of these funds and disburses the funds at the discretion of DCF. The assets and liabilities for the custodial accounts were approximately $310,700 at year-end.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

6. **Property and Equipment**

Property and equipment consisted of the following:

Land	$ 936,908
Buildings and building improvements	6,185,975
Furniture and equipment	1,796,097
Vehicles	205,362
Leasehold improvements	237,430
Property and equipment	$ 9,361,772

During 2010, KEY sold a vehicle with a net book value of $3,470 for $14,474 resulting in a gain on sale of $11,004.

7. **Massachusetts Surplus Retention Policy**

Effective for the year ended June 30, 1993, the Commonwealth of Massachusetts instituted a Surplus Revenue Retention Policy which states that providers of services to the Commonwealth are able to retain a portion of the annual excess of revenues over expenses from delivering services to clients of the Commonwealth under public agreements. The policy indicates that a provider may annually retain a surplus of up to 5% of total revenues attributable to, or generated by, Commonwealth agreements.

The cumulative amount, however, of retained surplus amounts may not exceed 20% of the provider's prior year gross revenues derived from Commonwealth Purchasing Agencies. Approximately 20% of KEY's gross revenues derived from Commonwealth Purchasing Agencies for the year ended June 30, 2009 was $5,377,118.

Surpluses during a particular year in excess of the 5% threshold are recorded on the consolidating balance sheet as a current liability called surplus revenue, which may be subject to recoupment by the Commonwealth. KEY's surplus revenue liability due to the 5% threshold is $553,287 at year-end.

The retained amounts (surpluses below 5%) calculated under this policy are segregated in the net asset section of the consolidating balance sheet by designating these as Massachusetts surplus revenue retention funds. Monies from the surplus revenue retention funds may be expended for activities and programs which are in accordance with the charitable purposes of the provider organization.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

Surplus revenue retention funds of $115,108 were used to offset deficits in the Worcester and Lowell Anti-Lockup, Regional Service Centers, and the MOVA program. These are Massachusetts programs that are consistent with the charitable purposes of KEY. Cumulative surplus revenue retention funds were increased by $1,167,164.

KEY's cumulative Massachusetts surplus revenue retention as of June 30, 2010 consisted of the following:

Year Ending	
June 30, 2010	$ 1,276,372
June 30, 2009	1,343,083
June 30, 2008 and prior	2,226,040
Cumulative retention amount	$ 4,845,495

8. Retiree Health Insurance

KEY provides postretirement medical benefits to retirees. Employees who worked at least twenty-five hours per week who retire from The KEY Program, Inc. with at least 20 years of participation service and are at least 55 years old or an employee with age plus service of at least 75 as of June 30, 2005 will be eligible for the postretirement benefit. KEY will reimburse participants 80% of their total medical insurance premium contribution up to a maximum of $8,000 per year per family.

Authoritative guidance requires an employer to recognize in its statement of financial position the funded status of a benefit plan measured as the difference between plan assets at fair value and the projected benefit obligation; recognize as a component of other income (loss), the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit costs pursuant to authoritative guidance; measure defined benefit plan assets and obligations as of the date of the employer's year-end statement of financial position; and disclose in the notes to the financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition assets or obligations.

THE KEY PROGRAM INCORPORATED AND
ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

The following table sets forth the plan's obligation, funded status and amounts recognized in KEY's financial statements as of June 30, 2010:

Change in benefit obligation:	
Benefit obligation at beginning of year	$ 1,180,709
Service cost	61,971
Interest cost	85,239
Benefits paid	-
Actuarial losses/(gains)	208,261
Benefit obligation at year-end	1,536,180
Plan assets:	-
Funded status at end of year	$ (1,536,180)
Items not yet recognized as a component of net periodic benefit cost:	
Development of prior service cost	
Prior year balance	$ 298,352
Current year amortization	(41,198)
Unrecognized prior service cost	257,154
Development of actuarial loss/(gain)	
Prior year balance	(507,970)
Current year amortization	24,930
Loss/(gain) arising during current period	208,261
Unrecognized actuarial loss/(gain)	(274,779)
Sum of deferrals	(17,625)
Net amount recognized at end of year	$ (1,553,805)
Amounts Recognized in statements of financial position consist of:	
Current asset	$ -
Noncurrent asset	-
Total benefit asset	-

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

Current liability	(17,322)
Noncurrent liability	(1,518,858)
Total benefit liability	$ (1,536,180)
Intangible asset	N/A
Accumulated other income	$ 17,625

<u>Assumptions used to determine benefit obligations as of end of fiscal year:</u>

Measurement date	6/30/10
Discount rate	6.00%
Expected return on assets	N/A
Salary scale	N/A
Healthcare cost trend for next year	9.00%
Ultimate healthcare cost trend rate	5.00%
Year that the rate reaches ultimate rate	2014

The following table sets forth KEY's components of net periodic postretirement benefit cost and other amounts recognized in other income (loss) for the year ended June 30, 2010:

<u>Components of net periodic benefit cost:</u>

Service cost	$ 61,971
Interest cost	85,239
Expected return on plan assets	N/A
Amortization of prior service cost	41,198
Amortization of actuarial loss/(gain)	(24,930)
Net periodic benefit cost	$ 163,478

<u>Components of net periodic benefit cost:</u>

Change in other income	$ 194,108

<u>Amounts included in AOCI expected to be recognized in the next fiscal year:</u>

Prior service cost	41,198
Actuarial loss/(gain)	(8,045)

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

Estimated future benefit payments
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid at year ending June 30.

Year Ending		
2011	$	17,322
2012	$	19,905
2013	$	30,096
2014	$	32,770
2015	$	48,090
2016 – 2020	$	394,850

9. Retirement and Deferred Compensation Plans

KEY has a defined contribution retirement plan covering substantially all full-time employees. Employer contributions to the plan are made at the discretion of the Board of Directors. Contributions to the plan for the year ended June 30, 2010 were approximately $780,700.

Key also maintains a retirement plan under Internal Revenue Code Section 403(b) which is an employee deferral plan that covers all employees.

In addition, KEY provided a deferred compensation benefit in the form of split dollar life insurance to all employees who have completed eight years of employment. At June 30, 2009 KEY terminated the split dollar life insurance plan. All assets have been distributed to the participants prior to year-end.

10. Concentration of Business

KEY's principal source of revenue is provided by the Commonwealth of Massachusetts under various contracts for services. In general, either party may terminate a contract with sixty days notice. KEY also has contracts with the state of Rhode Island, which provided approximately 10% of the revenue for the year ended June 30, 2010.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

11. Lease Commitments

KEY leases various office and program facilities under operating leases which expire at various dates through December, 2017. In addition, KEY leases approximately 15 facilities in Massachusetts and New Hampshire on a month to month basis. During the year ended June 30, 2010, KEY paid a total of approximately $606,800 under operating leases.

Approximate aggregate minimum lease payments under these operating leases are as follows:

Year Ending		
2011	$	272,800
2012		221,000
2013		122,000
2014		63,700
2015		45,400
Thereafter		113,400
Total	$	838,300

12. Related Party Transactions

The Organizations have retained the professional services of individuals or firms who have a relationship to the Organizations. The details of these transactions for the year ended June 30, 2010 are described below.

The law firm of Roberts, Carroll, Feldstein & Pierce, Incorporated serves as general counsel and provides services in regard to lawsuits, contract review, labor relations and policies, various policy manuals and lease reviews related to the Organizations. A Partner in the firm is a member of the Organizations' Boards of Directors. During the year ended June 30, 2010, a total of approximately $19,300 in professional fees was paid to the law firm.

KEY utilizes the firm of Albert Risk Management to advise it in the areas of property/casualty coverage and workers' compensation loss prevention programs. The firm does not sell insurance directly. The services provided include the solicitation of insurance, ensuring that coverage adequately protects KEY from loss and auditing the billings provided from the various insurance carriers. An employee of Albert Risk Management is the brother-in-law of the Board member referred to above. During the year ended June 30, 2010, a total of approximately $27,000 in professional fees was paid to this firm.

THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2010

13. Self-Insurance Program

KEY has a self-insurance plan covering medical benefits for substantially all of its full-time employees. KEY limits its losses through the use of stop-loss policies from re-insurers. Specific individual losses for claims are limited to $50,000 per year. KEY's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees, but cannot be more than $2,317,881 based on the number of employees at July 1, 2009. For the year ended June 30, 2010, KEY incurred approximately $2,255,400 in claims and administrative fees for this program.

KLR

THE KEY PROGRAM INCORPORATED

Reports Required by
Government Auditing Standards
and
OMB Circular A-133 - Audits of States, Local
Governments and Non-profit Organizations

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THE KEY PROGRAM INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Award Number	Federal Expenditures
Department of Agriculture			
School Lunch Program	10.555		
Passed through the Massachusetts Department		CT DOE SCDOE10758A70532112C	$ 105,540
of Education Bureau of Nutrition		CT DOE SCDOE10758G70532112A	60,867
			166,407
Passed through the State of Rhode Island			
Department of Education			23,231
Department of Justice			
Juvenile Justice and Delinquency Prevention	16.540		
Passed through the Department Youth Services		CT DYS SCDYS920580701063010	150,000
		CT EPS SCEPS1000FY10KEYALP0	104,617
			254,617
Juvenile Accountability Block Grant	16.523		
Passed through the Department Youth Services		CT EPS SCEPS1000FY10KEYALP0	26,752
		CT EPS SCEPSFY10KEYALPNE001	25,000
			51,752
Crime Victim Assistance Program	16.575		
Passed through the Department Youth Services		CT VWA VOCA2010KEYP00000001	36,226
Department of Health and Human Services			
Social Services Block Grant	93.667	CT DSS INTF00000000910FNGRP	939,266
Passed through the Commonwealth of		CT DSS INTF00000000910FNIF0	46
Massachusetts Department of Social Services		CT DSS INTF00000000910FNSS0	708,631
		CT DSS INTF00000000910STARR	6,691
		CT DSS INTF0000000092010RES	964
		CT DSS INTF0000000092010SPP	171
		CT DSS INTF0000009950720102	31,679
		CT DSS INTF0000041501019345	19,352
			1,706,800
Temporary Assistance for Needy Families	93.558	CT DSS INTF0000000021019881	1,919
Passed through the Commonwealth of		CT DSS INTF00000000910FNGRP	1,359,139
Massachusetts Department of Social Services		CT DSS INTF00000000910FNIF0	133
		CT DSS INTF00000000910STARR	9,683
		CT DSS INTF0000010101019886	2,033
		CT DSS INTF0000030901019875	1,778
		CT DSS INTF0000051901019892	2,137
			1,376,822
Child Abuse and Neglect	93.669		
Passed through the Commonwealth of			
Massachusetts Department of Social Services		CT DSS INTF0000009951019325	79,972
Total expenditures of federal awards			$ 3,695,827

THE KEY PROGRAM INCORPORATED
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of KEY presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133*, Audits of States, Local Governments and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidating financial statements.

2. **Commonwealth of Massachusetts Federal Awards**

The amount of federal expenditures shown in the accompanying schedule for the *Social Services Block Grant, National School Lunch, Temporary Assistance for Needy Families, Juvenile Justice and Delinquency Prevention, Juvenile Accountability Block Grant, and Crime Victim Assistance Program* have been based on figures reported to KEY by the Commonwealth of Massachusetts, Operational Services Division (OSD). OSD has provided estimated amounts of federal assistance received, based upon the Commonwealth's unadjusted and unaudited financial records for fiscal year 2010.

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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 Board of Directors of
The KEY Program Incorporated:

We have audited the financial statements of The KEY Program Incorporated as of and for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. 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 The KEY Program Incorporated'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 KEY Program Incorporated's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* 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, detect or correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, CONTINUED*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

We noted certain matters that we reported to management of the Organizations' in a separate letter dated November 10, 2010.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Kahn, Litwin, Renza & Co., Ltd.

November 10, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

To the Board of Directors of
The KEY Program Incorporated:

<u>Compliance</u>

We have audited the compliance of The KEY Program Incorporated 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 June 30, 2010. The KEY Program Incorporated'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 its major federal programs is the responsibility of The KEY Program Incorporated's management. Our responsibility is to express an opinion on The KEY Program Incorporated's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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 The KEY Program Incorporated'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 on The KEY Program Incorporated compliance with those requirements.

In our opinion, The KEY Program Incorporated complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133, CONTINUED*

Internal Control Over Compliance

The management of The KEY Program Incorporated is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The KEY Program Incorporated's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency* in internal control over compliance 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Kahn, Litwin, Renza & Co., Ltd.

November 10, 2010

THE KEY PROGRAM INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statements:

Type of auditors' report issued:	unqualified	
Internal control over financial reporting:		
• Material weaknesses identified?	___ Yes	_X_ No
• Significant deficiencies 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 control over major programs:		
• Material weaknesses identified?	___ Yes	_X_ No
• Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	_X_ none reported
Type of auditors' 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

Identification of major programs:

CFDA Number	Name of Federal Program
93.558	*Temporary Assistance for Needy Families*

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000	
Auditee qualified as low-risk auditee	_X_ Yes	___ No

THE KEY PROGRAM INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, *CONTINUED*
Year Ended June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None reported.