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2009

AUDIT

AGO 4/2/2010

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

Consolidating Financial Statements

June 30, 2009

(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

A G D 4/2/2010

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

CONSOLIDATING FINANCIAL STATEMENTS

June 30, 2009

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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, 2009, and the related consolidating statement of activities and changes in net assets, 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, 2008 audited consolidated financial statements and, in our report dated November 12, 2008, we expressed an unqualified opinion on those consolidated 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, 2009 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 9, 2009 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.

November 9, 2009

Kahn, Litwin, Renza & Co., Ltd.

THE KEY PROGRAM INCORPORATED AND
ALTERNATIVES FOR YOUTH FOUNDATION, INC.
CONSOLIDATING BALANCE SHEET
June 30, 2009
(With Comparative Totals at June 30, 2008)

	2009				2008
ASSETS	The KEY Program	AYF	Eliminations	Consolidated Total	Consolidated Total
CURRENT ASSETS:					
Cash and cash equivalents	$ 3,922,755	$ 10,406	$ -	$ 3,933,161	$ 3,951,215
DCF custodial accounts	372,254	-	-	372,254	459,218
Accounts receivable, net of allowance for doubtful accounts of $27,200 and $29,000 for 2009 and 2008, respectively	2,778,894	-	-	2,778,894	2,781,502
Cash surrender value of deferred compensation plan	1,069,397	-	-	1,069,397	1,616,615
Advances	25,054	-	-	25,054	27,438
Prepaid expenses	78,366	-	-	78,366	98,219
Total current assets	8,246,720	10,406	-	8,257,126	8,934,207
INVESTMENTS, at fair value	3,384,927	8,893,491	-	12,278,418	12,492,667
FIXED ASSETS	9,141,750	-	-	9,141,750	8,920,341
Less accumulated depreciation	5,765,429	-	-	5,765,429	5,447,563
Net fixed assets	3,376,321	-	-	3,376,321	3,472,778
SECURITY DEPOSITS AND OTHER ASSETS	44,426	-	-	44,426	49,026
Total assets	$ 15,052,394	$ 8,903,897	$ -	$ 23,956,291	$ 24,948,678

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

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THE KEY PROGRAM INCORPORATED AND
ALTERNATIVES FOR YOUTH FOUNDATION, INC.
CONSOLIDATING BALANCE SHEET
June 30, 2009
(With Comparative Totals at June 30, 2008)

	2009				2008
LIABILITIES AND NET ASSETS	The KEY Program	AYF	Eliminations	Consolidated Total	Consolidated Total
CURRENT LIABILITIES:					
Accounts payable	$ 850,726	$ 14,736	$ -	$ 865,462	$ 936,353
Accrued expenses	2,585,696	4,280	-	2,589,976	1,736,692
DCF custodial accounts	372,254	-	-	372,254	459,218
Grants payable	-	184,750	-	184,750	189,065
Deferred compensation payable	1,069,397	-	-	1,069,397	1,453,070
Retiree health benefits, current portion (note 9)	10,177	-	-	10,177	10,058
Surplus revenue (note 8)	883	-	-	883	883
Total current liabilities	4,889,133	203,766	-	5,092,899	4,785,339
RETIREE HEALTH BENEFITS, LONG TERM PORTION, (note 9)	1,170,532	-	-	1,170,532	1,225,857
NET ASSETS, all unrestricted:					
Board designated for investment	-	8,700,131	-	8,700,131	10,701,550
Massachusetts surplus revenue retention (note 8)	3,678,331	-	-	3,678,331	2,732,061
Other unrestricted	5,314,398	-	-	5,314,398	5,503,871
Total net assets, all unrestricted	8,992,729	8,700,131	-	17,692,860	18,937,482
COMMITMENTS AND CONTINGENCIES (Notes 9, 10, 11, 12 and 14)	-	-	-	-	-
Total liabilities and net assets	$ 15,052,394	$ 8,903,897	$ -	$ 23,956,291	$ 24,948,678

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, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	2009				2008
	The KEY Program	AYF	Eliminations	Consolidated Total	Consolidated Total
CHANGES IN NET ASSETS, all unrestricted:					
Revenue:					
Program service fees	$ 31,111,375	$ -	$ -	$ 31,111,375	$ 30,238,544
Grant revenue	182,182	-	-	182,182	183,767
Contributions and other income	570,330	1,394	-	571,724	458,788
Investment loss	(319,603)	(1,800,301)	-	(2,119,904)	(408,692)
Gain on sale of property and equipment	3,172	-	-	3,172	169,501
Total unrestricted revenue	31,547,456	(1,798,907)	-	29,748,549	30,641,908
EXPENSES (note 2):					
Outreach and tracking	5,318,715	-	-	5,318,715	4,487,729
Residential treatment program	11,155,120	-	-	11,155,120	11,063,755
Shelter program	5,182,360	-	-	5,182,360	5,014,591
Mental health clinic	1,671,977	-	-	1,671,977	1,621,604
Community re-entry center	1,206,200	-	-	1,206,200	1,163,126
Family based services	3,784,196	-	-	3,784,196	4,163,988
Grant awards	-	178,475	-	178,475	199,800
Administrative and general	2,691,952	24,037	-	2,715,989	2,689,215
Total expenses	31,010,520	202,512	-	31,213,032	30,403,808
Changes in unrestricted operating net assets	536,936	(2,001,419)	-	(1,464,483)	238,100
CHANGE IN ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (NOTE 9)	219,861	-	-	219,861	738,612
CHANGES IN TOTAL NET ASSETS, all unrestricted	756,797	(2,001,419)	-	(1,244,622)	976,712
NET ASSETS AT BEGINNING OF YEAR	8,235,932	10,701,550	-	18,937,482	17,960,770
NET ASSETS AT END OF YEAR	$ 8,992,729	$ 8,700,131	$ -	$ 17,692,860	$ 18,937,482

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

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THE KEY PROGRAM INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	2009									2008
	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	$ 3,171,205	$ 7,151,521	$ 3,458,847	$ 720,136	$ 657,809	$ 2,093,346	$ -	$ 1,417,158	$ 18,670,022	$ 17,900,565
Payroll taxes	307,578	598,061	286,915	63,913	61,887	157,946	-	110,707	1,587,007	1,409,124
Health, dental, disability, and other fringe benefits	647,726	1,105,793	505,690	110,808	90,002	236,750	-	151,226	2,847,995	2,419,929
Retirement plan	97,479	158,360	87,882	43,284	13,451	106,294	-	123,248	629,998	632,299
Retiree health insurance plan	26,840	46,220	24,122	11,030	3,459	27,959	-	25,021	164,651	244,176
Deferred compensation plan	69,034	138,758	50,891	19,275	16,480	81,601	-	68,191	444,230	153,329
Total salaries and related expenses	4,319,862	9,198,713	4,414,347	968,446	843,088	2,703,896	-	1,895,551	24,343,903	22,759,422
Advertising/recruitment	9,767	50,540	27,802	-	1,441	6,345	-	16,173	112,068	235,094
Allowances	13	6,939	497	-	-	-	-	-	7,449	6,566
Bad debts	-	-	-	11,795	-	-	-	-	11,795	23,733
Client assistance	854	981	-	-	-	485,738	-	-	487,573	637,481
Clinical and professional consultants	27,760	130,295	68,101	408,271	1,409	241	-	114,695	750,772	951,792
Data processing	-	-	-	-	-	-	-	100,872	100,872	55,147
Depreciation and amortization	41,412	170,193	64,968	6,228	15,408	8,463	-	38,925	345,597	339,392
Donations	-	-	-	-	-	-	-	-	-	500,000
Dues, subscriptions and conferences	2,519	5,594	3,680	7,636	577	349	-	76,711	97,066	129,310
Duplicating and printing	21,382	15,069	8,084	10,586	4,548	-	-	19,355	79,024	99,926
Educational supplies	8,346	823	1,496	1,925	95	-	-	3,407	16,092	49,819
Equipment	6,232	35,010	11,241	8,164	4,172	6,964	-	8,778	80,561	170,201
Household food and supplies	7,227	479,254	196,487	418	3,860	2,850	-	5,743	695,839	775,114
Insurance	40,539	91,174	40,328	9,500	7,884	24,480	-	57,079	270,984	314,083
Legal and professional fees	-	-	-	-	-	-	-	130,444	130,444	107,851
Maintenance and improvements	43,913	288,891	89,949	9,421	8,501	1,021	-	19,878	461,574	514,768
Miscellaneous	1,400	1,467	258	-	499	58	-	12,558	16,240	13,972
Office supplies and expenses	37,619	38,377	13,130	7,346	13,814	11,210	-	72,830	194,326	252,304
Recreation and education	49,018	118,130	39,360	421	4,095	45	-	-	211,069	245,151
Rent	249,903	42,065	10,937	95,614	160,693	55,356	-	-	614,568	517,113
Shelter, clothing and medication	12,424	35,185	5,800	205	2,372	-	-	3,530	59,516	75,574
Staff training	4,025	7,757	4,912	1,592	912	7,217	-	61,116	87,531	122,541
Subcontractor payments	-	32,438	2,225	103,589	-	384,352	-	-	522,604	548,972
Telephone	86,368	69,517	33,473	14,774	40,390	15,364	-	11,044	270,930	271,130
Transportation expenses	310,977	180,700	70,626	1,338	69,720	68,519	-	28,772	730,652	615,637
Utilities	37,155	156,008	74,659	4,708	22,722	1,728	-	14,491	311,471	336,419
Total expenses before administration allocation	5,318,715	11,155,120	5,182,360	1,671,977	1,206,200	3,784,196	-	2,691,952	31,010,520	30,668,512
Administration allocation	468,972	1,023,346	481,585	153,454	110,216	327,385	-	(2,564,958)	-	-
Total program expenses	$ 5,787,687	$ 12,178,466	$ 5,663,945	$ 1,825,431	$ 1,316,416	$ 4,111,581	$ -	$ 126,994	$ 31,010,520	$ 30,668,512

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

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THE KEY PROGRAM INCORPORATED AND ALTERNATIVES FOR YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in total net assets	$ (1,244,622)	$ 976,712
Adjustments to reconcile changes in total net assets		
to net cash provided by operating activities:		
Depreciation	345,597	339,392
Gain on sale of property and equipment	(3,172)	(169,501)
Unrealized and realized losses on investments	2,463,988	857,184
Decrease (increase) in allowance for doubtful accounts	1,799	(5,395)
Changes in assets and liabilities:		
Accounts receivable	809	(151,397)
Advances and prepaid expenses	22,237	48,737
Other assets	551,818	(199,622)
Accounts payable	(70,891)	(7,931)
Accrued expenses	853,284	(270,830)
Grants payable	(4,315)	48,465
Retiree health payable	(55,206)	(494,541)
Deferred compensation payable	(383,673)	178,825
Total adjustments	3,722,275	173,386
Net cash provided by operating activities	2,477,653	1,150,098
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	15,500	437,657
Acquisition of fixed assets	(261,468)	(435,713)
Proceeds from sale of investments	5,440,374	7,153,785
Purchases of investments	(7,690,113)	(8,059,924)
Net cash used by investing activities	(2,495,707)	(904,195)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,054)	245,903
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,951,215	3,705,312
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,933,161	$ 3,951,215

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

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 under 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 KEY is presented to assist in understanding KEY's 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 consolidated financial statements for the year ended June 30, 2008, from which the summarized information was derived

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Basis of Presentation, (Continued)

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. The Organizations had no temporarily restricted net assets at year-end.

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. The Organizations had no permanently restricted net assets at year-end.

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 6) 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.

Accounts Receivable
The Organizations carry their accounts receivable at net realizable value. On a periodic basis, the Organizations evaluate their accounts receivable and establish an allowance for doubtful accounts, based on a history of past bad debt expense and collections and current credit conditions.

The Organizations do not accrue interest on accounts receivable. A receivable is considered past due if payment has not been received within stated terms. The Organizations will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged to allowance for doubtful accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Fixed Assets

Fixed assets purchased by KEY are capitalized at cost and are being depreciated by the straight-line method over their estimated useful lives, ranging 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.

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 change in net assets. Interest and dividends, net of advisory fees, also are reported as part of investment income.

Fair Value Measurements

FASB Statement No. 157 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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, as specified by FASB Statement No. 157, 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 are unobservable inputs 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 are developed based on the best information available in the circumstances and may include the Organization's own data.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Fair Value Measurements, (Continued)
The Organizations report investments at fair value on a recurring basis. These investments are classified as levels 1 and 2 within the fair value hierarchy.

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.

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 12,278,418	$ 9,020,242	$ 3,258,176

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Subsequent Events
Management has evaluated subsequent events through November 9, 2009, which is the date these financial statements were available to be issued.

Recently Issued Accounting Pronouncements
In 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes". FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the enterprise's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

FIN 48 must be applied to all existing tax positions upon its initial adoption. The cumulative effect of applying FIN 48 at adoption, if any, is to be reported as an adjustment to opening retained earnings for the year of adoption. Implementation of FIN 48 will require management to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes federal and certain states. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year-ends and the interim tax period since then). The Association has no tax examinations in progress.

In 2008, the FASB issued FASB Staff Position No. 48-3 which permits nonpublic organizations to defer the effective date of FIN 48 until fiscal years beginning after December 15, 2008. The deferral period is intended to give the FASB additional time to develop guidance on the application of FIN 48 to pass-through entities and not-for-profit organizations, as well as to amend the disclosure requirements for nonpublic enterprises. Management has elected to defer the application of FIN 48 for the year ending December 31, 2008 and will continue to evaluate uncertain tax positions in accordance with FASB Statement No. 5, "Accounting for Contingencies".

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 1,879 youths.

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 445 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 1,055 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 853 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 3,353 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.

3. PROGRAM SERVICES EFFORTS (Unaudited), (Continued)

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.

4. 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, accounts receivable and investments. The Organizations maintain their operating accounts in one financial institution. The balances are insured by 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 $4 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.

Most of Key's outstanding receivables at June 30, 2009 were from the Federal or State Government. Based on collections to date and past history of collections, Key has determined that at June 30, 2009, allowances for uncollectible amounts of approximately $27,200 are considered necessary. The Organizations' investments may not represent significant concentrations of market risk in as much as the Organizations' investment portfolios are diversified to the extent possible.

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 $372,300 at year-end.

6. INVESTMENTS, AT FAIR MARKET VALUE

The following represents the Organizations' fair value hierarchy for its investments measured at fair value on a recurring basis at June 30, 2009:

	Cost	Fair Value	Gross Unrealized Net Gains (Losses)
Level 1			
Cash and money markets	$ 3,400,225	$ 3,400,225	$ -
Mutual funds	2,380,371	1,702,295	(678,076)
Corporate equities	5,625,365	4,813,793	(811,572)
Subtotal	11,405,961	9,916,313	(1,489,648)
Level 2			
Corporate bonds	2,323,068	2,289,161	(33,907)
Alternative investments	73,369	72,944	(425)
Subtotal	2,396,437	2,362,105	(34,332)
Total	$ 13,802,398	$ 12,278,418	$ (1,523,980)

During the year ended June 30, 2009, KEY's and AYF's investments earned $415,163 in interest and dividends and $2,463,988 in net realized and unrealized losses, less $71,079 in investment fees.

7. FIXED ASSETS

At year-end, KEY's fixed assets consisted of the following:

Land	$ 936,908
Buildings and building improvements	6,064,364
Furniture and equipment	1,762,822
Vehicles	202,178
Leasehold improvements	175,478
Total fixed assets	9,141,750
Less accumulated depreciation	(5,765,429)
Fixed assets, net	$ 3,376,321

8. 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, 2008 was $5,114,343.

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 $883 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.

8. MASSACHUSETTS SURPLUS RETENTION POLICY, (Continued)

Surplus revenue retention funds of $390,913 were used to offset deficits in the Worcester Anti-Lockup, Family Network Lead Contracts, Regional Resource Centers, CASA-START, Chins Prevention Program and the STARR programs. These are Massachusetts programs that are consistent with the charitable purposes of KEY. Cumulative surplus revenue retention funds were increased by $952,170.

KEY's cumulative Massachusetts surplus revenue retention as of June 30, 2009 consisted of the following:

Year Ending	
June 30, 2009	$ 1,343,083
June 30, 2008	959,683
June 30, 2007 and prior	1,375,565
Cumulative retention amount	$ 3,678,331

9. 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.

SFAS No. 158 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 SFAS No. 87; 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.

9. RETIREE HEALTH INSURANCE, (Continued)

The following table sets forth the plan's obligation, funded status and amounts recognized in KEY's financial statements as of June 30, 2009:

Change in benefit obligation:	
Benefit obligation at beginning of year	$ 1,235,915
Service cost	54,248
Interest cost	83,090
Benefits paid	-
Actuarial losses/(gains)	(192,544)
Benefit obligation at year-end	1,180,709
Plan assets:	-
Funded status at end of year	$ (1,180,709)
Items not yet recognized as a component of net periodic benefit cost:	
Development of prior service cost	
Prior year balance	$ 339,550
Current year amortization	(41,198)
Unrecognized prior service cost	298,352
Development of actuarial loss/(gain)	
Prior year balance	(329,307)
Current year amortization	13,881
Loss/(gain) arising during current period	(192,544)
Unrecognized actuarial loss/(gain)	(507,970)
Sum of deferrals	(209,618)
Net amount recognized at end of year	$ (1,390,327)

9. RETIREE HEALTH INSURANCE, (Continued)

Amounts Recognized in statements of financial position consist of:		
Current asset	$	0
Noncurrent asset		0
Total benefit asset		0
Current liability		(10,177)
Noncurrent liability		(1,170,532)
Total benefit liability	$	(1,180,709)
Intangible asset		N/A
Accumulated other income	$	209,618

Assumptions used to determine benefit obligations as of end of fiscal year:	
Measurement date	6/30/09
Discount rate	7.25%
Expected return on assets	N/A
Salary scale	N/A
Healthcare cost trend for next year	10.00%
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, 2009:

Components of net periodic benefit cost:		
Service cost	$	54,248
Interest cost		83,090
Expected return on plan assets		N/A
Amortization of prior service cost		41,198
Amortization of actuarial loss/(gain)		(13,881)
Net periodic benefit cost	$	164,655

9. RETIREE HEALTH INSURANCE, (Continued)

Components of net periodic benefit cost:

Change in other income	$	(219,861)

Amounts included in AOCI expected to be recognized in the next fiscal year:

Prior service cost	41,198
Actuarial loss/(gain)	(24,930)

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		
2010	$	10,176
2011	$	16,644
2012	$	22,912
2013	$	26,181
2014	$	36,676
2015 – 2018	$	321,320

10. 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, 2009 were approximately $632,000.

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. For the year ended June 30, 2009, KEY's expense under this plan was approximately $411,000. As of June 30, 2009 KEY terminated the split dollar life insurance plan. At June 30, 2009 the cash surrender value of the deferred compensation benefit was approximately $1,069,400, with a corresponding liability recorded on the statement of financial position. The assets have been distributed to participants subsequent to fiscal year end.

11. 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 13% of the revenue for the year ended June 30, 2009.

12. LEASE COMMITMENTS

At June 30, 2009, the following lease commitments were in effect under the terms of various non-cancelable leases for operating facilities.

Year Ending	
June 30, 2010	$ 293,700
June 30, 2011	227,900
June 30, 2012	175,400
June 30, 2013	100,600
June 30, 2014	45,400
Thereafter	158,800
Total	$ 1,001,800

In addition, Key leases approximately 15 facilities in Massachusetts and New Hampshire on a month to month basis. Total expense charged under operating leases for the year ended June 30, 2009 was approximately $614,600.

13. 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, 2009 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, 2009, a total of approximately $22,000 in professional fees was paid to the law firm.

13. RELATED PARTY TRANSACTIONS, (Continued)

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, 2009, a total of approximately $22,900 in professional fees was paid to this firm.

14. 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 $1,950,450 based on the number of employees at July 1, 2008. For the year ended June 30, 2009, KEY paid approximately $1,782,892 for this program which included administrative expenses.

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THE KEY PROGRAM INCORPORATED

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

THE KEY PROGRAM INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

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 of Education Bureau of Nutrition		CT DOE SCDOE9758GF9IN109844	$ 101,612
		CT DOE SCDOE9758NF8IN109844	47,363
			148,975
Passed through the State of Rhode Island Department of Education	10.555		18,711
Department of Justice			
Juvenile Justice and Delinquency Prevention	16.540		
Passed through the Department Youth Services		CT DYS SCDYS920580701063010	71,404
Juvenile Accountability Block Grant	16.523		
Passed through the Department Youth Services		CT DYS SCDYS920580701063010	225,000
Department of Health and Human Services			
Social Services Block Grant	93.667	CT DSS 00012009COLLASSESPRG	110
Passed through the Commonwealth of Massachusetts Department of Social Services		CT DSS 00052009COLLASSESPRG	361
		CT DSS INTF00000000909FNGRP	753,871
		CT DSS INTF00000000909FNIF0	12
		CT DSS INTF00000000909FNSS0	474,363
		CT DSS INTF00000000909STARR	5,250
		CT DSS INTF0000000092009RES	701
		CT DSS INTF0000000092009SPP	459
		CT DSS INTF0000009950720102	24,250
		CT DSS INTF0000041500919345	15,050
			1,274,427
Temporary Assistance for Needy Families	93.558	CT DSS INTF0000000020919881	1,954
Passed through the Commonwealth of Massachusetts Department of Social Services		CT DSS INTF00000000909FNGRP	1,245,869
		CT DSS INTF00000000909FNIF0	15
		CT DSS INTF00000000909STARR	8,676
		CT DSS INTF0000010100919886	1,963
		CT DSS INTF0000030900919875	1,812
		CT DSS INTF0000051900919892	2,269
			1,262,558
Child Abuse and Neglect State Grant	93.669		
Passed through the Commonwealth of Massachusetts Department of Social Services		CT DCF INTF0000009950819325	79,972
Total expenditures of federal awards			$ 3,081,047

THE KEY PROGRAM INCORPORATED
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

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, Block Grants for Community Mental Health Services, National School Lunch, Temporary Assistance for Needy Families, Child Abuse and Neglect State Grant, Family Violence Prevention and Service/Grant for Battered Women's Shelter and Children's Justice Grant to States* 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 2009.

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Certified Public Accountants
and Business Consultants

AGO 4/2/2010

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, 2009, and have issued our report thereon dated November 9, 2009. 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 an 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 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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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 organization'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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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AGO 4/2/2010

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*

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 Organization's in a separate letter dated November 9, 2009.

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.

November 9, 2009

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AGO 4/22/2010

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:

Compliance

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, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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 *control deficiency* in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 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 9, 2009

THE KEY PROGRAM INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

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
93.667	*Social Services Block Grant*

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.