

**THE FAMILY LEAGUE
OF BALTIMORE CITY, INC.**

**Financial Statements for the Years Ended June 30, 2010 and 2009
and OMB Circular A-133 Supplementary Financial Report
For the Year Ended June 30, 2010**

Together with Independent Auditors' Report

FAMILY LEAGUE OF BALTIMORE CITY, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Family League of Baltimore City, Inc.:

We have audited the accompanying statements of financial position of The Family League of Baltimore City, Inc. (the Organization) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of America. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years 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 October 30, 2010, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Stout, Causey & Horning, P.A.

October 30, 2010

The Family League of Baltimore City, Inc.

Statements of Financial Position

<i>As of June 30,</i>	<i>2010</i>	<i>2009</i>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,267,785	\$ 1,914,828
Marketable securities	249,234	2,660,364
Accounts receivable	6,874,157	4,620,753
Prepaid expenses	38,301	42,439
Total Current Assets	8,429,477	9,238,384
Property and Equipment		
Computer equipment	44,865	917,805
Telephone equipment	16,658	39,519
Furniture and fixtures	121,073	178,568
Leasehold improvements	20,205	112,498
Total Property and Equipment	202,801	1,248,390
Less: Accumulated Depreciation and Amortization	(106,455)	(1,169,887)
Net Property and Equipment	96,346	78,503
Total Assets	\$ 8,525,823	\$ 9,316,887
Liabilities and Net Assets		
Current Liabilities		
Current maturities of capital lease obligation	\$ 2,713	\$ -
Accounts payable	2,711,619	3,207,901
Accrued expenses	148,652	159,071
Deferred revenue	2,940,243	4,039,852
Total Current Liabilities	5,803,227	7,406,824
Long-Term Liabilities		
Capital lease obligation, net of current maturities	12,521	-
Deferred rent	31,472	-
Total Liabilities	5,847,220	7,406,824
Commitments (Note 6)		
Net Assets		
Unrestricted	1,107,569	-
Temporarily restricted	1,571,034	1,910,063
Total Net Assets	2,678,603	1,910,063
Total Liabilities and Net Assets	\$ 8,525,823	\$ 9,316,887

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

The Family League of Baltimore City, Inc.

Statements of Activities and Changes in Net Assets

<i>For the Years Ended June 30,</i>	<i>2010</i>	<i>2009</i>
Changes in Unrestricted Net Assets		
Revenue		
Investment interest	\$ -	\$ 21,055
Interest income	480	22,186
Net assets released from restrictions	16,444,732	21,125,729
Total Revenue	16,445,212	21,168,970
Expenses		
Program services	12,188,935	17,843,698
General and administrative	1,197,779	1,657,401
Program administration	1,950,929	1,667,871
Total Expenses	15,337,643	21,168,970
Change in Unrestricted Net Assets	1,107,569	-
Changes in Temporarily Restricted Net Assets		
Support		
Community Partnership Programs	1,094,546	3,410,459
Disproportionate Minority Contact	719,196	-
After School Programs	6,869,960	8,364,262
Choice	410,214	-
Family Recovery	1,473,862	1,902,736
Resource Development	249,025	910,583
Healthy Families/Home Visiting	1,563,560	1,845,143
B'More for Healthy Babies	483,997	-
Consolidated Youth Strategies	-	512,476
Functional Family Therapy	-	610,479
Other Programs	3,241,343	3,589,998
Total Support	16,105,703	21,146,136
Net Assets Released from Restrictions	(16,444,732)	(21,125,729)
Change in Temporarily Restricted Net Assets	(339,029)	20,407
Increase in Net Assets	768,540	20,407
Net Assets at Beginning of Year	1,910,063	1,889,656
Net Assets at End of Year	\$ 2,678,603	\$ 1,910,063

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

The Family League of Baltimore City, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2010

	General & Administrative	Community Partnership Programs	Ready at 21 OSI	Disproportionate Minority Contact	After School Programs	Choice	Family Recovery	School Based Mental Health	Resource Development	Rehab Option GOC
Salaries and wages	\$ 312,460	-	-	\$ 133,525	\$ 308,002	-	\$ 661,547	-	-	-
Fringe benefits	115,338	-	-	34,676	75,900	-	142,215	-	-	-
Advertising	3,700	-	-	-	-	-	-	-	-	-
Direct service awards	-	1,094,546	97,965	512,456	6,411,976	410,214	400,891	177,653	198,000	92,467
Conferences	6,192	-	-	150	750	-	1,179	-	-	-
Consultants	188,422	-	-	25,125	22,990	-	124,445	-	51,025	-
Data processing	10,700	-	-	-	-	-	-	-	-	-
Dues and subscription	3,418	-	-	-	-	-	1,531	-	-	-
Equipment rental	14,681	-	-	-	-	-	8,830	-	-	-
Hardware and software	40,952	-	-	-	43,258	-	14,015	-	-	-
Insurance	14,400	-	-	-	-	-	-	-	-	-
Interest	1,249	-	-	-	-	-	-	-	-	-
Legal and accounting	127,186	-	-	-	-	-	-	-	-	-
License and permits	200	-	-	-	-	-	150	-	-	-
Meetings	2,018	-	-	946	2,743	-	-	-	-	-
Office supplies	41,303	-	-	1,875	10	-	6,576	-	-	-
Postage	2,510	-	-	-	-	-	675	-	-	-
Rent	225,864	-	-	-	-	-	84,243	-	-	-
Renovations	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	3,800	-	-	-	-	-	337	-	-	-
Staff training	-	-	-	1,000	-	-	2,613	-	-	-
Stationary and printing	327	-	-	-	-	-	-	-	-	-
Telephone	25,142	-	-	1,186	1,646	-	22,700	-	-	-
Travel	7,772	-	-	8,277	2,685	-	1,915	-	-	-
Depreciation	50,145	-	-	-	-	-	-	-	-	-
Total Expenses	1,197,779	1,094,546	97,965	719,196	6,869,960	410,214	1,473,862	177,653	249,025	92,467
Less: Administration Expenses	(1,197,779)	-	-	(206,760)	(457,984)	-	(1,072,971)	-	(51,025)	-
Total Program Expenses	-	1,094,546	97,965	512,436	6,411,976	410,214	400,891	177,653	198,000	92,467
Less: Non-GOC Funded	-	-	(97,965)	(223,714)	(5,555,127)	-	(400,891)	-	-	-
GOC Funded Program Expenses	\$ -	\$ 1,094,546	\$ -	\$ 288,722	\$ 856,849	\$ 410,214	\$ -	\$ 177,653	\$ 198,000	\$ 92,467

The Family League of Baltimore City, Inc.

Statement of Functional Expenses - cont'd. For the Year Ended June 30, 2010

	Healthy Families/Home Visiting		B'More Healthy Babies		One-Stop Add Grant		Community Family Resource Center - GOC		LLC Flex Funds		B. Wraparound		Family CTNS		Boys & Girls		Total	
Salaries and wages	\$	-	\$	-	\$	3,328	\$	-	\$	-	\$	33,000	\$	-	\$	-	\$	1,451,862
Fringe benefits	-	-	-	-	-	5,620	-	-	-	-	-	6,554	-	-	-	-	-	380,103
Advertising	-	-	-	772	-	-	-	-	-	-	-	-	-	-	-	-	-	4,472
Direct service awards	1,561,215	-	415,516	-	34,730	-	36,956	19,830	19,830	151,805	253,039	319,696	-	-	-	-	-	12,188,935
Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,271
Consultants	-	-	66,124	-	497	-	-	-	-	14,246	13,360	5,319	-	-	-	-	-	511,553
Data processing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,700
Dues and subscription	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,949
Equipment rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,511
Hardware and software	2,345	-	-	-	-	-	1,295	-	-	-	-	-	-	-	-	-	-	101,865
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,400
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,249
Legal and accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	127,186
License and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350
Meetings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,707
Office supplies	-	-	-	-	171	-	-	-	-	-	-	-	-	-	-	-	-	49,935
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,185
Rent	-	-	-	-	6,667	-	-	-	-	-	-	-	-	-	-	-	-	316,774
Renovations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,137
Staff training	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,613
Stationary and printing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	327
Telephone	-	-	1,564	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,238
Travel	-	-	21	-	1,506	-	-	-	-	-	-	-	-	-	-	-	-	22,176
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,145
Total Expenses	1,563,560	483,997	483,997	52,519	38,251	19,830	205,405	266,399	325,015	15,337,643								
Less: Administration Expenses	(2,345)	(68,481)	(17,789)	(1,295)	(13,360)	(5,319)	(3,148,708)											
Total Program Expenses	1,561,215	415,516	34,730	36,956	19,830	151,805	253,039	319,696	12,188,935									
Less: Non-GOC Funded	(1,439,943)	(299,288)	(34,730)	(151,805)	(153,640)	(319,696)												
GOC Funded Program Expenses	\$ 121,272	\$ 116,228	\$ 19,830	\$ 36,956	\$ 99,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,512,136

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

The Family League of Baltimore City, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2009

	General & Administrative	Community Partnership Programs	Consolidated Youth Strategies	After School Programs	Family Support	Family Recovery	School Readiness	BABY LAP	Resource Development	Rehab Option GOC	Health Families/Home Visiting
Expenses											
Salaries and wages	\$ 885,598	\$ -	\$ 111,215	\$ 228,397	\$ 86,580	\$ 470,543	\$ -	\$ 16,560	\$ -	\$ -	\$ -
Fringe benefits	236,464	-	38,571	67,558	25,300	107,262	-	890	-	-	-
Advertising	814	-	-	883	-	-	-	2,700	-	-	-
Direct service awards	-	3,410,459	346,697	8,041,238	-	1,190,990	94,549	14,785	910,583	339,542	1,845,143
Conferences	285	-	-	316	-	-	-	-	-	-	-
Consultants	54,268	-	-	3,958	-	-	3,188	-	-	-	-
Data processing	5,391	-	-	-	-	-	-	-	-	-	-
Dues and subscription	3,375	-	-	-	-	2,424	-	-	-	-	-
Equipment rental	25,581	-	-	-	-	1,140	-	-	-	-	-
Hardware and software	30,881	-	-	-	1,391	5,728	1,422	-	-	-	-
Insurance	9,627	-	-	-	-	1,041	-	-	-	-	-
Legal and accounting	54,092	-	-	-	-	-	-	-	-	-	-
License and permits	16,635	-	450	995	-	325	-	-	-	-	-
Meetings	6,024	-	4,411	7,636	1,479	1,424	-	5,459	-	-	-
Office supplies	49,682	-	269	1,568	-	12,096	-	5,800	-	-	-
Postage	5,903	-	-	254	-	528	-	12	-	-	-
Rent	193,785	-	-	-	-	60,603	-	-	-	-	-
Renovations	4,100	-	-	-	-	1,293	-	-	-	-	-
Repairs and maintenance	9,407	-	-	789	-	3,373	-	-	-	-	-
Staff training	2,002	-	1,872	5,053	-	19,760	-	120	-	-	-
Stationary and printing	3,637	-	2,677	349	-	2,214	-	5,481	-	-	-
Telephone	31,625	-	1,180	3,068	-	16,996	-	13	-	-	-
Travel	4,037	-	5,134	2,200	-	4,996	-	-	-	-	-
Depreciation	34,658	-	-	-	-	-	-	-	-	-	-
Total Expenses	1,667,871	3,410,459	512,476	8,364,262	114,750	1,902,736	99,159	51,820	910,583	339,542	1,845,143
Less: Administration Expenses	(1,667,871)	-	(165,778)	(923,023)	(114,750)	(711,745)	(4,609)	(37,055)	-	-	-
Total Program Expenses	\$ -	\$ 3,410,459	\$ 346,698	\$ 8,041,239	\$ -	\$ 1,190,991	\$ 94,550	\$ 14,785	\$ 910,583	\$ 339,542	\$ 1,845,143

The Family League of Baltimore City, Inc.

Statement of Functional Expenses - cont'd. For the Year Ended June 30, 2009

Expenses	One Stop Add Grant	Functional Family Therapy	Community Family Resource Center - GOC				Anti-Gang Grant	LLC Flex Funds	B. Wraparound DJS	Family CINS Pilot/DJS	Boys & Girls DJS	Total
Salaries and wages	\$ 168,420	\$ 21,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,800	\$ 9,678	\$ 2,004,251	
Fringe benefits	43,362	18,047	-	-	-	-	-	-	-	-	537,454	
Advertising	150	-	-	-	-	-	-	-	-	-	4,547	
Direct service awards	75,954	570,479	230,033	22,303	346,468	151,686	190,322	17,843,698	-	-	1,346	
Conferences	745	-	-	-	-	-	-	-	-	-	63,814	
Consultants	-	-	-	-	2,400	-	-	-	-	-	5,391	
Data processing	-	-	-	-	-	-	-	-	-	-	6,239	
Dues and subscription	440	-	-	-	-	-	-	-	-	-	26,721	
Equipment rental	-	-	-	-	-	-	-	-	-	-	40,717	
Hardware and software	1,295	-	-	-	-	-	-	-	-	-	10,668	
Insurance	-	-	-	-	-	-	-	-	-	-	54,092	
Legal and accounting	-	-	-	-	-	-	-	-	-	-	18,425	
License and permits	20	-	-	-	-	-	-	-	-	-	30,509	
Meetings	3,995	81	-	-	-	-	-	-	-	-	69,528	
Office supplies	-	113	-	-	-	-	-	-	-	-	10,386	
Postage	3,689	-	-	-	-	-	-	-	-	-	267,721	
Rent	13,333	-	-	-	-	-	-	-	-	-	5,393	
Renovations	-	-	-	-	-	-	-	-	-	-	13,569	
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	30,497	
Staff training	1,690	-	-	-	-	-	-	-	-	-	17,897	
Stationary and printing	3,539	-	-	-	-	-	-	-	-	-	52,882	
Telephone	-	-	-	-	-	-	-	-	-	-	18,567	
Travel	1,901	299	-	-	-	-	-	-	-	-	34,658	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	
Total Expenses	318,533	610,479	230,033	22,303	348,868	157,486	200,000	2,004,251	5,800	9,678	21,168,970	
Less: Administration Expenses	(242,579)	(40,000)	-	(2,400)	(5,800)	(9,681)	(3,325,272)					
Total Program Expenses	\$ 75,954	\$ 570,479	\$ 230,033	\$ 22,303	\$ 346,468	\$ 151,686	\$ 190,319	\$ 17,843,698				

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

The Family League of Baltimore City, Inc.

Statements of Cash Flows

<i>For the Years Ended June 30,</i>	<i>2010</i>	<i>2009</i>
Cash Flows From Operating Activities		
Change in net assets	\$ 768,540	\$ 20,407
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	50,145	34,658
Changes in assets and liabilities:		
Accounts receivable	(2,253,404)	1,660,001
Prepaid expenses	4,138	(20,634)
Accounts payable	(496,282)	(1,308,980)
Accrued expenses	(10,419)	(70,138)
Deferred revenue	(1,099,609)	(1,004,364)
Deferred rent	31,472	-
Net Cash and Cash Equivalents Used In Operating Activities	(3,005,419)	(689,050)
Cash Flows From Investing Activities		
Purchases of property and equipment	(51,330)	-
Sales (purchases) of marketable securities	2,411,130	(21,055)
Net Cash and Cash Equivalents Provided By (Used In) Investing Activities	2,359,800	(21,055)
Cash Flows From Financing Activities		
Repayments of capital lease obligations	(1,424)	-
Net Cash and Cash Equivalents Used In Investing Activities	(1,424)	-
Net Decrease in Cash and Cash Equivalents	(647,043)	(710,105)
Cash and Cash Equivalents, beginning of year	1,914,828	2,624,933
Cash and Cash Equivalents, end of year	\$ 1,267,785	\$ 1,914,828
Noncash Investing and Financing Activities:		
Equipment purchased through capital lease	\$ 16,658	\$ -

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

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Family League of Baltimore City, Inc. (the Organization) was incorporated in the State of Maryland in April 1991. The primary goal of the Organization is to establish a comprehensive children and family service delivery system that is community based and family focused. The mission of the Organization is to coordinate the mobilization and organization of public and private resources to ensure that families accept the responsibility, develop the requisite capacity and receive the support needed to raise, care for and advocate on behalf of their children.

The Organization works to develop partnerships among public and private organizations to ensure service systems available to children and families work together to provide quality services and resources.

The Organization currently has projects operating to serve the needs of children and families including:

Community Partnership Programs - Provide youth and family programming in the areas of: counseling, tutoring, mentoring, after school programming, home visiting, and wraparound services to Baltimore City youth, some of whom are being diverted from out of home placement or detention.

Ready by 21 - Funding supports year-round youth jobs for disadvantaged Baltimore City youth and increases the quality and quantity of employment opportunities for youth.

Disproportionate Minority Contact Programs - Provide development, support, counseling, tutoring and mentoring and pre-adjudication support programming. The initiative's activities are geared toward creating an equitable and fair system of juvenile justice.

After School Programs - Supports after-school enrichment opportunities in more than 60 locations, Community Schools programs for 16 schools and Snack and Supper food programs.

Choice - Supports the provision of intensive, home-based, family support for high-risk youths; including case management, counseling, education support, crisis intervention, recreation and cultural awareness, information and referral, and parent support. Also provides job exploration and job development for high-risk youth.

Family Recovery Program - Offers intensive case management and support service for parents in Baltimore City involved in Child in Need of Assistance (CINA) proceedings. The Family Recovery Program is designed to decrease the length of stay in foster care for children ages 0-5 who come before CINA Court for the first time where at least one child of the custodial parent(s) is five years or younger.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Nature of Activities – cont'd.

School-Based Mental Health - Supports school-based mental health programs in eight Baltimore City Public Schools. The programs are a part of a larger network of services throughout the school system. Services are coordinated through Baltimore Mental Health Systems, Inc.

Resource Development - Supports the development of new programming and services to Baltimore City youth. Services include job skill development and opportunities for youth transitioning from foster care or are at risk for juvenile service involvement. Costs are for start-up activities and are considered “one time only”.

Rehab Option GOC - Provides Community-based support services for youth with mental or developmental disabilities who are not in State custody.

Healthy Families Maryland Home Visiting - Supports the provision of home visiting services according to the Healthy Families Maryland model. Comprehensive home visiting and family support services are provided to pregnant women and parents of young children living in the DRU/Mondawmin communities of Baltimore City.

B'More for Healthy Babies - Initiative to reduce infant mortality through improving policies, referral systems and services in three Baltimore City communities through collaboration with community-based organizations.

One Stop - Provides information, referral and support services to families raising children with developmental, mental health or behavioral disabilities. Services are provided by “legacy caregivers”, all of whom have a family member with a disability.

Community Family Resource Center GOC - Supports a centralized community center to serve as a one-stop shop for referrals for families in the East Baltimore area.

LLC Flex Funds - Utilized to purchase community-based services and community-based out of home placements for children with mental health or developmental disabilities who are not in State custody.

DJS Wraparound - Provides intensive wraparound services to youth who are returning or being diverted from in-state residential placement and/or detention. The youths served are referred by the Department of Juvenile Services (DJS).

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Nature of Activities – cont'd.

CINS Pilot Program - Program provides comprehensive, family-focused assessment and service planning for youths for whom a CINS complaint has been made (ungovernable, truant, runaway). The goal is to divert youth from formal DJS involvement.

Boys & Girls Clubs DJS - An evidence-based, outcome-driven youth development program at the Baltimore City Juvenile Justice Center designed to reduce violence and increase effective gang intervention strategies in the Baltimore City's detention facility.

The following is a description of the most significant accounting policies:

Codification of Accounting Standards

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105, *Generally Accepted Accounting Principles* (ASC 105), defines the ASC as the single source of authoritative accounting principles generally accepted in the United States of America (US GAAP) recognized by the FASB to be applied by nongovernmental entities. ASC 105 and the ASC are effective for financial statements issued for interim and annual periods ending after September 15, 2009. The ASC has superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the ASC is non-authoritative. With the adoption of ASC 105, the FASB no longer issues new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, the FASB issues Accounting Standards Updates, which serve only to: (a) update the ASC; (b) provide background information about the guidance; and (c) provide the bases for conclusions on the change(s) in the ASC. The adoption of ASC 105 did not have an impact on the financial statements.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the ASC 958-205, *Not-For-Profit Entities: Presentation of Financial Statements* (ASC 958-205). Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. When the restrictions are fulfilled these assets are reclassified to unrestricted net assets.

Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. Income earned on permanently restricted net assets is available for operations.

During the year ended June 30, 2010, the Organization performed a forensic audit in conjunction with the Governor's Office for Children (GOC) in order to identify claims on temporarily restricted net assets. Based on the results of the audit, the GOC released restriction on approximately \$1.1 million, which was accounted for as additional "net assets released from restrictions" on the accompanying statement of activities and changes in net assets during the year ended June 30, 2010.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid securities with maturities of three months or less at the time of purchase. The Organization maintains their cash balances in various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash balances maintained at any one financial institution up to \$250,000 through December 31, 2013, and \$100,000 thereafter. The Organization periodically maintains cash balances in excess of FDIC coverage. Management considers this a normal business risk.

Marketable Securities

The Organization held investments in money market accounts at various financial institutions during the years ended June 30, 2010 and 2009. The investments are reported at fair value, which approximates cost. The investments earned interest of \$480 and \$21,055 during the years ended June 30, 2010 and 2009, respectively.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Accounts Receivable

The accounts receivable balance represents expenses incurred before year-end for which the reimbursement from various governmental and private grant sources is expected to be received in the subsequent period. Management considers all receivables fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

Property and Equipment

Property and equipment consists of computer and telephone equipment, furniture and fixtures, and leasehold improvements and is stated at cost. The Organization's policy is to capitalize property and equipment costing greater than \$5,000. Depreciation is computed using the straight-line method. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over the estimated service lives of the assets ranging from 3 to 7 years. Leasehold improvements are amortized over the shorter of the term of the lease or the useful life of the asset. Depreciation and amortization expense totaled \$50,145 and \$34,658 during the years ended June 30, 2010 and 2009, respectively.

Deferred Rent

In accordance with ASC 840, *Leases* (ASC 840), the Company recognizes rent expense straight-line over the term of its lease agreements. The difference in the amount of cash paid and recognized rent expense is recorded as deferred rent in the accompanying statements of financial position.

Income Taxes

The Organization is generally exempt from Federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Income, which is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Organization had no net unrelated business income during the years ended June 30, 2010 and 2009.

ASC 740, *Income Taxes* (ASC 740), prescribes the recognition and measurement of a tax position taken or expected to be taken in a tax return. It provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Organization implemented ASC 740 during the year ended June 30, 2009. The impact of the implementation of ASC 740 was not material to the Organization's financial statements.

The Organization recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Organization does not have any amounts accrued relating to interest and penalties as of June 30, 2010 and 2009.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense totaled \$4,472 and \$4,547 during the years ended June 30, 2010 and 2009, respectively.

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets under ASC 360, *Property, Plant and Equipment* (ASC 360). ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. As of June 30, 2010 and 2009, the Organization determined that none of its assets were impaired. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. The Organization had no assets held for disposal as of June 30, 2010 and 2009.

Use of Estimates

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

Revenue Recognition

Revenue for grant support is recognized as services are rendered. Related labor, material, fulfillment and indirect expenses are included in cost of activities. Grant revenue is considered a conditional gift and is recognized as program development or other expenses are incurred and, therefore, satisfying the condition of the grant.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement

ASC 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used as of June 30, 2010 and 2009. The following is a description of the valuation methodologies used for assets measured at fair value:

Marketable Securities: Valued at the net asset value (NAV) of shares held by the Organization at year-end. All securities held by the Organization are traded in active markets to which the Organization has access.

The methods described above may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date. The fair value of the investments as of June 30, 2010 and 2009 were determined using Level 1 inputs.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Subsequent Events

The Organization evaluated for disclosure any subsequent events through October 30, 2010, the date which the financial statements were available to be issued, and determined there were no material events that warrant disclosure.

2. GRANT AWARDS

The State of Maryland provides grant funds to the City of Baltimore, some of which are passed through to the Organization. The State authorized and paid grant awards in the amount of \$4,201,700 and \$7,634,702 during the years ended June 30, 2010 and 2009, respectively.

3. RELATED PARTY TRANSACTIONS

During the normal course of business, the Organization contracts with a variety of service providers in the Baltimore-Metropolitan area. On occasion, requests for proposals are issued by the Organization and replies are received by companies who have members serving on the Organization's Board of Directors. When this situation arises, the Board member's application is treated as an "arms-length transaction." Board members with funding requests pending are ineligible to vote on matters where they maintain a direct financial interest. Also, they are not able to vote on the funding of other organizations with whom they are competing. At the beginning of each fiscal year, all Board members must also sign a conflict of interest statement.

4. RETIREMENT PLAN

The Organization sponsors a 403(b) discretionary retirement plan. The Organization determines annually its level of contribution while employees may contribute up to the maximum statutory amount. For the years ended June 30, 2010 and 2009, the Organization's contributions totaled \$15,063 and \$30,391, respectively.

5. DEFERRED REVENUE

Deferred revenue consists of unspent funds received from the Governor's Office of Children, Youth and Families for Community Partnership programs and other funds which would be refunded if not expended.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

6. COMMITMENTS

Operating Leases

The Organization maintains operating leases principally for office space and equipment. Rental expense under these leases totaled approximately \$307,000 and \$262,000 during the years ended June 30, 2010 and 2009, respectively.

Future minimum rentals under operating leases are as follows as of June 30,:

2011	\$ 214,611
2012	170,488
2013	175,988
2014	181,488
2015	168,208
Thereafter	247,042
<u>Total minimum lease payments</u>	<u>\$ 1,157,826</u>

Capital Leases

During the year ended June 30, 2010, the Organization entered into a capital lease agreement to purchase equipment. The asset and liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over the shorter of its related lease term or its estimated productive life. Amortization of the capital lease is included in depreciation and amortization expense

Assets held under capital lease included in the accompanying statements of financial position consist of the following as of June 30, 2010:

Office equipment	\$ 16,658
Less: accumulated depreciation	1,388
	<u>\$ 15,270</u>

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Financial Statements For the Years Ended June 30, 2010 and 2009

6. COMMITMENTS – cont'd.

As of June 30, 2010, future minimum payments under capital lease obligations are as follows:

Fiscal Year Ending June 30:	
2011	\$ 4,583
2012	4,583
2013	4,583
2014	4,583
2015	1,910
Future minimum lease payments	20,242
Less: amounts representing interest	(5,008)
Present value of future minimum lease payments	15,234
Less: current maturities of capital lease obligations	(2,713)
Capital lease obligation, net of current maturities	\$ 12,521

SUPPLEMENTARY INFORMATION

The Family League of Baltimore City, Inc.

Schedule of Expenditures of Federal Awards For The Year Ended June 30, 2010

Funding Agency/Pass-Thru Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Pass-through program from:			
Maryland State Department of Education			
Child and Adult Care Food Program	10.558	1MD300303	\$ 570,097
Total U.S. Department of Agriculture			570,097
U.S. Department of Health and Human Services			
Pass-through program from:			
Maryland State Department of Education			
Healthy Families/ Home Visiting	93.558	G1002MDTANF	595,123
Administration for Development Disabilities and Governor's Office for Children			
One Stop Family Resource Center	93.631	90DN0213	52,519
ARRA - Baltimore City Health Department			
Strategy to Improve Birth Outcomes	93.710	B08-MC-24-0010	11,748
Total U.S. Department of Health and Human Services			659,390
U.S. Department of Justice			
Pass-through program from:			
Governor's Office of Crime, Control, and Prevention			
Pre-Adjudication Coordination and Transition (PACT) Center	16.523	JABG-2008-1332	80,509
DMC Reduction Initiative	16.540	JJAC-2008-1011	81,351
Total U.S. Department of Justice			161,860
Total Expenditures of Federal Awards			\$ 1,391,347

See accompanying notes to schedule of expenditures of Federal awards.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Organization and is 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 financial statements.

For purposes of the schedule of expenditures of Federal awards, Federal awards include all grants, contracts and similar agreements entered into directly between the Organization and agencies and departments of the Federal government and all subawards made to the Organization by non-Federal organizations pursuant to Federal grants, contracts and similar agreements. The awards are classified into program categories in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*. The dollar threshold used to distinguish between Type A and Type B programs, as defined in OMB Circular A-133, was \$300,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

3. SUBRECIPIENTS

Of the Federal expenditures presented in this schedule, the Organization provided Federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
93.558	Healthy Families / Home Visiting	\$ 595,123
93.631	One Stop Family Resource Center	15,000
16.523	Pre-adjudication Coordination and Transition (PACT) Center	80,509

SINGLE AUDIT REPORTS

**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 Family League of Baltimore City, Inc.:

We have audited the financial statements of The Family League of Baltimore City, Inc. (the Organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 30, 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization'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 Organization'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, or detect and 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 the 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 weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting as item 10-01. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 is required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management in a separate letter dated October 30, 2010.

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

Stout, Casey & Horning, P.A.

October 30, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
The Family League of Baltimore City, Inc.:

Compliance

We have audited the compliance of The Family League of Baltimore City, Inc. (the Organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. The Organization's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs are the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization'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 Organization'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 Organization's compliance with those requirements.

In our opinion, the Organization 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 10-02.

Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 over compliance 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 internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 10-02. A *significant deficiency* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Organization's responses on the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on the responses.

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

Stent, Casey & Hering, P.A.

October 30, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency identified not considered to be a material weakness?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to financial statements notes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<u>Federal Awards</u>		
Internal control over major programs:		
Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency identified not considered to be a material weakness?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Identification of major programs:		
CFDA Number	Name of Federal Program or Cluster	
10.558	Child and Adult Care Food Program	
93.558	Healthy Families/Home Visiting	
Dollar threshold used to distinguish between Type A and Type B Programs:	\$300,000	
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

Finding 10-01 Federal Grant Monitoring

Condition:

Federal grant funds received are not tracked separately from other grants.

Criteria:

Internal controls should be in place that provide reasonable assurance that Federal grant funds received directly or indirectly are properly identified and monitored.

Cause:

The Organization has no formal policy or procedures to separately track Federal grant funds received.

Effect:

Increases the risk of non-compliance with OMB Circular A-133 requirements.

Recommendation:

The Organization should implement policies and procedures to ensure that Federal grant revenues and expenditures are tracked properly.

Views of Responsible Officials and Corrective Action:

The CFO and Grants Coordinator are developing processes and procedures to properly track Federal grant funds going forward in future periods.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

FINDINGS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF AGRICULTURE

SIGNIFICANT DEFICIENCIES

Finding 10-02 Maryland State Department of Education, Child and Adult Food Care Program -
CFDA # 10.558

Condition:

Three Federal Financial Status reports were not remitted to the grantor agency by the deadline as noted in the grant agreement.

Criteria:

Reporting Requirement

Cause:

The Organization has no formal policy requiring the preparation of timely Federal Financial Status reports.

Effect:

Increases the risk of non-compliance with the Organization's granting agencies' requirements.

Recommendation:

A policy should be implemented so that all Federal Financial Status reports are remitted on a timely basis and within statutory deadlines.

Views of Responsible Officials and Corrective Action:

The CFO and Grants Coordinator are developing an internal reporting calendar to ensure reporting is made in a timely manner.

THE FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Schedule of Prior Year Findings
For the Year Ended June 30, 2009**

FINDINGS—FINANCIAL STATEMENT AUDIT

No prior year findings.

FINDINGS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

No prior year findings.