

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Financial Statements**  
**And**  
**Independent Auditors' Report**  
**June 30, 2008**

## CONTENTS

---

	<u>PAGE</u>
I. FINANCIAL SECTION	
Independent Auditors' Report	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-14
SUPPLEMENTAL INFORMATION	
Schedule I - Schedule of Federal Awards and State Financial Assistance	15-17
Notes to Schedule of Federal Awards and State Financial Assistance	18
Schedule II - Grants from Federal, State, and Local Agencies	19-20
Schedule III - Grants - Counties and Municipalities	21
Schedule IV - Contributions - United Way	21
Schedule V - Contributions - Other	21
II. REPORTING SECTION	
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	22-23
Report on Compliance with Requirements Applicable To Each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133 and State Projects	24-25
Schedule of Prior Audit Finding	26
Summary of Auditors' Results	27

# FINANCIAL STATEMENTS

---



# OCARIZ, GITLIN & ZOMERFELD, LLP

Certified Public Accountants & Consultants

999 Ponce de Leon Blvd.  
Suite 1045  
Coral Gables, FL 33134  
Tel 305.444.8288  
Fax 305.444.8280  
www.ogz-cpa.com

## Independent Auditors' Report

To the Board of Directors of  
Redlands Christian Migrant Association, Inc.

We have audited the accompanying statements of financial position of Redlands Christian Migrant Association, Inc. (RCMA) (a Not-For-Profit organization) as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of RCMA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Redlands Christian Migrant Association, Inc. as of June 30, 2008, and changes in its net assets, functional expenses and its 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 September 23, 2008, on our consideration of RCMA's internal control over financial reporting and 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 the audit performed in accordance with Government Auditor Standards and should be considered in assessing the results of our audit. In addition, we have also issued our report dated September 23, 2008, applicable to each major Federal Program and State Project. Such report should also be read in conjunction with the report in considering the results of our audit.

Members of:

American Institute of  
Certified Public Accountants

Florida Institute of  
Certified Public Accountants

National Association of  
Certified Valuation Analysts

To the Board of Directors of  
Redlands Christian Migrant Association, Inc.  
Page 2

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Redlands Christian Migrant Association, Inc. taken as a whole. The accompanying Schedules I (pages 15-17) 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 Rules of the State of Florida Office of the Auditor General Chapter 10.650 under Section 215.97 of Florida Statutes. The accompanying Schedules II, III, IV and V (pages 19-21) are presented for the purpose of additional analysis. These schedules are not a required part of the basic financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The financial information for the year ended June 30, 2007 in the accompanying financial statements is summarized comparative information in total but not by net asset class. The summarized information is presented for comparative purposes only and is not intended to be a complete financial statement presentation in accordance with generally accepted accounting principles in the United States of America. However, such summarized comparative information was abstracted from the RCMA's June 30, 2007 audited financial statements upon which we expressed an unqualified opinion dated September 17, 2007.

*Ocariz, Gitlin, & Zamerfeld, LLP*

September 23, 2008

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Statements of Financial Position**  
**June 30, 2008**  
(With comparative totals for 2007)

	Unrestricted	Temporarily Restricted	Combined Totals	
			2008	2007
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 3,121,078		\$ 3,121,078	\$ 1,496,154
Accounts receivable - grants	3,465,430		3,465,430	3,534,518
- other	60,809		60,809	81,908
- school boards	274,081		274,081	314,100
Prepaid expenses and other current assets	858,328		858,328	1,009,608
<b>Total current assets</b>	<u>7,779,726</u>		<u>7,779,726</u>	<u>6,436,288</u>
<b>Property and equipment - net</b>	10,707,300	\$ 7,572,891	18,280,191	19,114,493
<b>Deposits and other assets</b>				
Cash - sinking fund	264,731		264,731	194,215
Cash set aside for future purchases and major repairs of property and equipment	850,000	1,927,699	2,777,699	1,107,311
Building and utility deposits	59,239		59,239	70,771
	<u>\$ 19,660,996</u>	<u>\$ 9,500,590</u>	<u>\$ 29,161,586</u>	<u>\$ 26,923,078</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,099,854		\$ 1,099,854	\$ 2,075,215
Accrued payroll, vacation, sick leave and other expenses	2,138,472		2,138,472	2,222,376
Advances from funding agencies	1,786,827		1,786,827	1,143,856
Current portion of long-term debt	193,104		193,104	105,717
<b>Total current liabilities</b>	<u>5,218,257</u>		<u>5,218,257</u>	<u>5,547,164</u>
<b>Long-term debt, less current portion</b>	<u>3,712,009</u>		<u>3,712,009</u>	<u>3,905,201</u>
<b>Total liabilities</b>	8,930,266		8,930,266	9,452,365
<b>Net Assets:</b>				
Designated for reserve for major repairs	850,000		850,000	400,000
Other net assets	9,880,730	\$ 9,500,590	19,381,320	17,070,713
<b>Total Net Assets</b>	<u>10,730,730</u>	<u>9,500,590</u>	<u>20,231,320</u>	<u>17,470,713</u>
	<u>\$ 19,660,996</u>	<u>\$ 9,500,590</u>	<u>\$ 29,161,586</u>	<u>\$ 26,923,078</u>

Attention is directed to independent auditors' report and notes to financial statements.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Statements of Activities**  
**For the Year Ended June 30, 2008**  
(With comparative totals for 2007)

	Unrestricted	Temporarily Restricted	Combined Totals	
			2008	2007
<b>Revenues and Contributions</b>				
Grants - federal, state and local agencies	\$ 47,019,478	\$ 1,262,993	\$ 48,282,471	\$ 48,080,537
- counties and municipalities	118,000		118,000	118,000
- charter schools revenues	2,702,362		2,702,362	2,569,285
Other revenues:				
Child care fees	1,492,532		1,492,532	1,387,692
Other income	91,999		91,999	69,353
Fund raising events	163,687	398,524	562,211	567,460
Interest and investment income	26,260		26,260	34,036
Contributions - Local	151,232		151,232	504,702
- Agriculture	56,251		56,251	32,005
- United Way	594,819		594,819	546,388
- Other	92,131		92,131	55,381
- for Charter Schools	404,034		404,034	457,442
- Designated for endowment fund (Note H)				10,000
Donated services and occupancy costs	1,631,123		1,631,123	1,569,723
	54,543,908	1,661,517	56,205,425	56,002,004
Revenues released from restriction	1,217,445	(1,217,445)		
	55,761,353	444,072	56,205,425	56,002,004
<b>Functional Expenses</b>				
Program services	47,982,532		47,982,532	49,420,100
General and administrative	5,084,065		5,084,065	5,549,933
Fund raising	333,589		333,589	206,230
	53,400,186		53,400,186	55,176,263
<b>Excess of revenues and contributions over expenses</b>	<b>2,361,167</b>	<b>444,072</b>	<b>2,805,239</b>	<b>825,741</b>
<b>Other increases (decreases) in net assets:</b>				
Contributions to endowment fund (Note H)				(10,000)
Unrealized gain/(loss) on marketable securities	(44,632)		(44,632)	41,879
<b>Net Increase in Net Assets</b>	<b>2,316,535</b>	<b>444,072</b>	<b>2,760,607</b>	<b>857,620</b>
Net assets - beginning of year	8,414,195	9,056,518	17,470,713	16,613,093
<b>Net Assets - end of year</b>	<b>\$ 10,730,730</b>	<b>\$ 9,500,590</b>	<b>\$ 20,231,320</b>	<b>\$ 17,470,713</b>

Attention is directed to independent auditors' report and notes to financial statements.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2008**  
 (With comparative totals for 2007)

	PROGRAM SERVICES										General and Support		Combined Totals	
	Subsidized Child Care	Head Start	Food Service	Youth and Other	Charter Schools	Total	Administrative		Fund Raising		2008	2007		
							2008	2007	2008	2007				
<b>Personnel costs</b>														
Salaries	\$ 10,006,508	\$ 13,040,390	\$ 908,646	\$ 753,813	\$ 2,226,997	\$ 26,936,354	\$ 2,160,140	\$ 51,566	\$ 29,148,060	\$ 29,426,964				
Payroll taxes and fringe benefits	2,484,266	3,556,244	297,382	152,315	499,454	6,989,661	583,486	12,131	7,585,278	8,290,725				
Total personnel costs	12,490,774	16,596,634	1,206,028	906,128	2,726,451	33,926,015	2,743,626	63,697	36,733,338	37,717,689				
<b>Contracted services</b>														
Child care services	369,193	574,156	110,365		171,796	1,053,714	107,624	37,012	1,198,350	1,149,773				
Other	27,030	33,911	1,616,051		239,126	232,737	1,616		234,353	474,651				
Food			1,616,051		133,513	1,855,177			1,855,177	1,619,624				
Supplies	384,276	1,031,051	84,743	74,513	41,490	1,708,096	158,098	3,571	1,869,765	2,138,724				
Consumable equipment	101,967	335,866	6,965	17,677	46,546	503,965	80,785	1,910	586,660	778,383				
Transportation	192,734	403,419	5,648	26,857		675,204	92,022		767,226	729,855				
Out of state travel	1,739	5,575		5,673		12,987	6,931	399	20,317	52,585				
*Occupancy costs	1,164,246	3,767,770	1,060	29,806	138,159	5,101,041	534,962	2,893	5,636,003	5,842,993				
In state travel	120,392	199,622	16,860	16,790	54,574	353,664	76,722		433,279	488,949				
Health services	7,394	105,815		499		168,282	975		169,257	105,139				
Interest							131,915		131,915	167,082				
Conferences and workshops	114,708	279,995	4,687	32,341	35,031	466,762	79,620	7,721	554,103	787,864				
Direct costs of fund raising events								166,569	166,569	102,426				
Other expenses	69,788	122,369	515	2,010	108,560	303,242	139,594	49,755	492,591	472,839				
Professional fees		8,975		1,456		10,431	126,737		137,168	129,935				
Repairs and maintenance	32,825	55,495	4,007	755	837	93,919	28,766	62	122,747	131,184				
Depreciation	225,336	1,072,799		810	65,877	1,364,822	726,304		2,091,326	2,059,843				
Data processing							17,280		169,754	176,601				
Uncollected child care fees	55,666	87,759	6,866	2,183		152,474	30,288		30,288	50,124				
<b>Allocation of:</b>														
General and Support	15,358,068	24,681,211	3,063,795	1,117,498	3,761,960	47,982,532	5,084,065	333,589	53,400,186	55,176,263				
	1,734,062	2,786,728	345,930	126,175	424,759	5,417,654	(5,084,065)	(333,589)						
	\$ 17,092,130	\$ 27,467,939	\$ 3,409,725	\$ 1,243,673	\$ 4,186,719	\$ 53,400,186			\$ 53,400,186	\$ 55,176,263				

\*Occupancy costs include \$1,495,433 of donated space

**Redlands Christian Migrant Association, Inc.**  
**( A Not-For-Profit Organization )**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2008**  
(With comparative totals for 2007)

	Unrestricted Funds	Temporarily Restricted Funds	Combined Totals	
			2008	2007
<b>Cash flows from operating activities</b>				
Cash received from grantors and revenues	\$ 53,659,702	\$ 1,661,517	\$ 55,321,219	\$ 55,386,395
Cash paid to suppliers and employees	(50,486,907)		(50,486,907)	(51,519,940)
Interest received	26,260		26,260	34,036
Interest paid	(131,915)		(131,915)	(167,082)
<b>Net cash provided by operating activities</b>	<b>3,067,140</b>	<b>1,661,517</b>	<b>4,728,657</b>	<b>3,733,409</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(415,895)	266,182	(149,713)	(3,491,655)
Cash set aside in sinking fund	(70,516)		(70,516)	(34,207)
Cash set aside for future purchases of property and equipment	(850,000)	(1,927,699)	(2,777,699)	(1,107,311)
<b>Net cash used in investing activities</b>	<b>(1,336,411)</b>	<b>(1,661,517)</b>	<b>(2,997,928)</b>	<b>(4,633,173)</b>
<b>Cash flows from financing activities</b>				
Proceeds from debt				149,757
Principal payments of debt	(105,805)		(105,805)	(93,496)
<b>Net cash provided by (used in) financing activities</b>	<b>(105,805)</b>		<b>(105,805)</b>	<b>56,261</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,624,924</b>		<b>1,624,924</b>	<b>(843,503)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>1,496,154</b>		<b>1,496,154</b>	<b>2,339,657</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 3,121,078</b>		<b>\$ 3,121,078</b>	<b>\$ 1,496,154</b>
<b>The net change in net assets may be reconciled to net cash provided by operating activities as follows:</b>				
Net change in net assets	\$ 2,316,535	\$ 444,072	\$ 2,760,607	\$ 857,620
Add back items which do not affect cash:				
Depreciation	2,091,326		2,091,326	2,059,843
Unrealized loss/ (gain) on marketable securities	44,632		44,632	(41,879)
Revenue released from restriction	(1,217,445)	1,217,445		
Add or (deduct) changes in certain assets and liabilities:				
Accounts receivable	130,206		130,206	1,071,082
Prepaid expenses and other	151,280		151,280	22,610
Advances from funding agencies	642,971		642,971	(82,932)
Other assets	(33,100)		(33,100)	(14,276)
Accounts payable and accrued expenses	(1,059,265)		(1,059,265)	(138,659)
<b>Net cash provided by operating activities</b>	<b>\$ 3,067,140</b>	<b>\$ 1,661,517</b>	<b>\$ 4,728,657</b>	<b>\$ 3,733,409</b>

**Noncash transactions**

Costs of equipment purchased in unrestricted funds is net of \$1,107,311 of cash set aside in prior year.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

---

**NOTE A - Summary of Significant Accounting Policies**

Redlands Christian Migrant Association, Inc. (RCMA and/or the Organization) was incorporated as a not-for-profit organization under the laws of the State of Florida. RCMA's purpose is to administer child care centers, and early childhood education centers for the children of migrant and seasonal farm workers whose families total income do not exceed an amount over the poverty levels as defined by the funding agencies. RCMA achieves its purpose through a variety of programs funded substantially by federal and state grants and individual contributions.

In 2007, the Organization renewed its charter schools contracts with the sponsoring school districts, the Hillsborough County Public District School Board and the Collier County Public District School Board. The current charters are effective for another five (5) years and may be renewed by mutual written agreement between the Schools and the Districts for an additional five year period.

The accompanying financial statements include the accounts of RCMA and those of the charter schools and have been prepared in accordance with generally accepted accounting principles and reporting practices for nonprofit organizations. A description of those principles follows:

1. **Basis of Presentation**

The accounts of RCMA are maintained on the accrual basis of accounting and in accordance with the principles of fund accounting, in order to ensure observance of the limitations and restrictions placed on the use of its resources. Such funds are grouped into the following categories:

General	The general fund is used to reflect the Organization's unrestricted activities that are not directly related to its major programs.
Programs	
Type "A"	RCMA's type "A" Programs are those with a negotiated rate where the excess of support and revenue over expenses inure to the benefit of the Organization while the excess of expenses over support and revenue become liabilities.
Type "B"	The type "B" Programs are those that are funded on a cost reimbursement basis (line item contracts) where the excess of support and revenue over expenses are available for future periods or must be refunded to the funding agencies upon termination of the programs.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

---

**Note A - Significant Accounting Policies (Continued)**

1. **Basis of Presentation (continued)**

For report purposes the information regarding its financial position, activities and cash flows is presented according to the following three classes of net assets:

Unrestricted	Unrestricted group reflects the Organization's unrestricted activities that are not subject to donor-imposed stipulations.
Temporarily Restricted	Temporarily restricted group reflects the Organization's activities and resulting net assets from donors' restricted contributions that the Organization feels will be met, either by the passage of time or by actions of the Organization.
Permanently Restricted	Permanently restricted group reflects the Organization's activities and resulting net assets from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organizations. The Organization has no permanently restricted net assets.

RCMA's contracts for the type "A" programs provide for specific performance in exchange for the price paid under the contracts; and therefore, those contracts are treated as exchange transactions. RCMA deems that it has performed under the terms of such contracts; and, accordingly, the amounts received and/or receivable under such contracts are unrestricted. However, certain transactions in the type "B" programs are recorded in the temporary restricted funds. The net assets in the temporary restricted funds represent the book value of property and equipment (Notes A-5 and I).

2. **Estimates**

In preparing these financial statements, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the balance sheet date, and the revenues and expenses for the period then ended. Actual results could differ from these estimates. A description of some of the estimates used is included in the following significant accounting policies.

3. **Cash and Cash Equivalents**

The Organization considers investments in highly liquid debt instruments with maturity of three months or less to be cash equivalents. The Organization's bank balances are invested daily with the bank's investments, which are substantially Treasury bills. The Organization's cash balances, at times, have exceeded federally insured amounts of \$100,000.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

---

**Note A - Significant Accounting Policies (Continued)**

**4. Accounts Receivable - Grants and Other**

RCMA considers accounts receivable to be collectible; accordingly, no allowance for doubtful accounts is required. When amounts are determined to be uncollectible, they are charged to operations.

**5. Property and Equipment**

Property and equipment is recorded at cost when purchased or constructed, or at market value when donated. Donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Property and equipment acquired with certain federal funds may have to be returned to the funding agency upon termination of the program. The funds received for the purchase of such property is recorded as temporarily restricted. The annual depreciation charge on those assets is reflected as net assets released from restriction.

Depreciation is included in the statement of activities and is computed on the straight-line basis over the estimated useful life of the assets.

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long lived assets will be written down to their fair market value with a corresponding charge to earnings. No such impairment was recorded for the year ended June 30, 2008.

**6. Transfers**

To the extent that funds are released from their restrictions and/or designated purpose, the amounts released will be accounted for as increases in the unrestricted net assets.

**7. Recognition of Donor Restrictions**

All donor-restricted support will be reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets will be classified to unrestricted net assets. Therefore, support that is restricted by the donor will be reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

**8. Income Taxes**

RCMA is organized as a not-for-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required.

**9. Donated Materials and Services**

Donated materials and services are reflected in the accompanying statements at their fair value. Certain amounts have not been reflected in these statements for donated services, since they did not “create or enhance non-financial assets” or “require specialized skills” and would not typically be purchased if not provided by donation as required for recognition under generally accepted accounting principles. However, these donations meet the matching requirements of various grants. A substantial number of volunteers have donated significant amounts of time to RCMA.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

**NOTE B - Property and Equipment**

Property and equipment comprise the following:

	June 30,		Useful Life (Years)
	2008	2007	
Land	\$ 834,749	\$ 834,749	
Construction in progress	849,805	2,518,063	
Building and improvements	18,124,094	16,275,133	8 to 20
Leasehold improvements	8,637,609	8,083,517	3 to 5
Modular classrooms	873,429	873,429	3 to 5
Kitchen equipment	953,441	906,874	3 to 5
Program equipment	3,258,773	3,026,629	3 to 5
Transportation equipment	3,346,486	3,261,617	3 to 5
Office equipment	2,562,723	2,489,945	3 to 5
	<u>39,441,109</u>	<u>38,269,956</u>	
Less accumulated depreciation	21,160,918	19,155,463	
	<u>\$ 18,280,191</u>	<u>\$ 19,114,493</u>	

Depreciation expense amounted to \$2,091,326 and \$2,059,843 for 2008 and 2007, respectively.

**NOTE C - Long-Term Debt**

Long-term debt consists of the following:

	June 30,	
	2008	2007
Bonds payable (1)	\$ 3,780,000	\$ 3,800,000
Mortgages payable		
Raza Development Fund, Inc. (the Fund) – payable \$3,088 a month including interest at 6% a year through December 2008.	19,549	54,412
Bank – payable \$22,500 annually including interest at Prime less .5% (4.5% at year end).	22,500	45,000
Note payable to financial institution - provides for monthly principal payments of \$3,095 including interest of 8.82% through December 2010.	83,064	111,506
	<u>3,905,113</u>	<u>4,010,918</u>
Less current portion (inclusive of sinking bonds requirements)	193,104	105,717
	<u>\$ 3,712,009</u>	<u>\$ 3,905,201</u>

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

**NOTE C - Long-Term Debt (continued)**

(1) The bonds payable were originally requested for \$4,400,000 Collier County Industrial Development Authority (the Authority) 25 years, Series 2001 Bonds, for the purpose of lending RCMA the proceeds from the sale of such bonds to construct an educational and social service center in Immokalee, Florida. In this connection, RCMA entered into two simultaneous agreements: 1) - a loan agreement with the Authority and 2) - a letter of credit and reimbursement agreement with a bank. The agreement with the bank provided for the opening of an irrevocable direct payment letter of credit in the amount of \$4,450,630 in favor of a trustee appointed by the Authority, responsible among other things, for the collection of the amounts due from RCMA. RCMA will pay the bank .5% of the amount available under the letter of credit agreement computed as specified in the agreement. In addition, the letter of credit and reimbursement agreement provided for RCMA to set-up a sinking fund to cover the payment of the principal due on the bonds. RCMA's originally scheduled monthly payments into the sinking fund which started on December 1, 2002 at \$7,500 a month, was to escalate each year up to \$26,250 a month in the year that the bonds were to mature (2026). However, RCMA has made advanced payments into the sinking fund, and the trustee and RCMA agreed to reduce the amount of the bonds payable and change the scheduled payments into the sinking fund. The payment schedule detailed below reflects the new sinking fund requirements for the retirement of the bonds payable.

Interest on the bonds is payable monthly at the market rate of the tax free bonds computed weekly as specified in the agreement. RCMA has the option to convert its variable interest rate to a fixed interest rate in which case the interest will be paid semi-annually, or to a flexible rate period.

The agreement with the bank provides for certain reporting requirements, the maintenance of a fixed charge coverage ratio, and limits RCMA additional borrowings to \$300,000 without the bank's previous written consent. The bank will retain a security interest on the building and on the sinking funds.

Payments of the non-current portion of long-term debt and of the bonds payable sinking fund requirements are due as follows:

Years Ending June 30,	Long-term Debt	Sinking Fund Payments	Combined Totals
2010	\$ 33,906	\$ 130,000	\$ 163,906
2011	18,103	135,000	153,103
2012		140,000	140,000
2013		145,000	145,000
2014		150,000	150,000
Thereafter		2,960,000	2,960,000
	<u>\$ 52,009</u>	<u>\$ 3,660,000</u>	<u>\$ 3,712,009</u>

RCMA's sinking fund balance at June 30, 2008 is utilized to cover the sinking fund requirements for 2009 and 2010.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

---

**NOTE D - Commitments and Contingencies**

**Commitments**

The Organization conducts a portion of its operations from leased facilities under non-cancelable operating leases that expire at various dates through 2011. In addition, RCMA's lease for the land used by its charter school in Wimauma, Florida, provides for the payment of \$1 a year through 2050. The lease for its day-care facilities at the same location provides for a lump sum advance payment of \$120,000 and \$24,000 a year through 2010, and no rent thereafter until the expiration of the lease in November 2020. Rent expense aggregated \$1,758,982 and \$1,703,907 inclusive of \$1,495,433 and \$1,426,896 of donated space for 2008 and 2007, respectively, which is included with occupancy costs in the accompanying statement of functional expenses.

The minimum rental commitments under operating leases approximate the following:

Years Ending June 30,	
2009	\$ 187,000
2010	148,000
2011	50,000
	<u>\$ 385,000</u>

**Contingencies**

The Organization is subject to federal, state and local government audits. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. In management's opinion, there will be no adjustments resulting from future audits on grant periods through June 30, 2008, which will have a material effect on the financial statements.

The Organization has available an unsecured line of credit in the amount of \$1,000,000. The Organization has not borrowed any amount on the line of credit. Consequently, no balance was outstanding as of June 30, 2008.

**NOTE E - Employees' 403 (b) Thrift Plan**

The Organization's Thrift Plan provides that all eligible employees may contribute up to 20% of their salary. RCMA's matches employee contributions based on employee's length of employment up to 5%. In addition, RCMA has a similar defined contribution plan for the certified teachers in the charter schools (a program of RCMA) at slightly higher matching requirements. Pension plan expenses for the years ended June 30, 2008 and 2007 aggregated to \$440,644, and \$377,044, respectively.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

---

**Note F - Matching Funds Requirement**

As further explained in Note A to the financial statements, RCMA receives most of its funds from two types of contracts (performance and line item reimbursement contracts). Such contracts require that a portion of the total program cost be contributed by other sources as defined by the contract and/or regulations (matching funds). RCMA's satisfaction of the matching requirements in such programs may be viewed as follows: At June 30, 2008, the Organization did not meet its matching requirements of such programs.

	Revenues	Effective Rate	Amount
Head Start – ECMHSP	\$ 14,438,835	10%	\$ 1,443,883
Head Start	7,080,462	20%	1,416,092
Early Head Start	3,834,532	20%	766,906
Even Start	20,842	30%	6,253
School Readiness	14,055,147	N/A	644,968
Match required			4,278,102
Eligible match submitted			3,687,573
Deficient match			\$ (590,529)

Although the Organization did not meet the match requirements, they did obtain a waiver from the funding agency.

**Note G - Business and Credit Concentration**

RCMA's childcare business is concentrated in the rural areas of Florida and is impacted by the general economy. The demand for child care services in rural Florida and the continuous number of eligible children on waiting lists is indicative of a strong base in the business of child care centers. However, RCMA's childcare services are substantially paid for by government grants. For the period ended June 30, 2008, RCMA revenues derived from state and Federal grants approximated to \$47,000,000 or 84% of total revenues and contributions. Governmental work may be significantly impacted by budget allocations and consequently an adverse change in any of these factors could affect the Organization's operations.

**Note H - Designated For Endowment Fund**

In furtherance of its mission, RCMA accepted donations during the year from various sources which were designated for an endowment fund with the Community Foundation of Collier County. RCMA is to receive a percentage of the income generated from such funds to be used in RCMA's operations or programs (unrestricted). At June 30, 2008, the balance in the endowment amounted to \$340,854.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

**Note I - Net Assets of Line Item Reimbursement Programs**

As previously described in Note A (1), the line item reimbursement programs are those that fund RCMA on the cost reimbursement basis. The net assets on these programs reflect the excess support and revenue over expenses as a result of reimbursements for property and equipment, which is, recorded as capital assets less depreciation in accordance with generally accepted accounting principles (GAAP). However, certain agencies which fund these programs require that RCMA report such reimbursements as expenditures or show a reconciliation of its reporting under GAAP to that previously reported to those agencies. The following condensed presentation of RCMA's historical statement of financial position under GAAP and the Pro Forma statement of position under the funding agencies' basis illustrate the differences between both methods of accounting.

	Per Financial Statements	Pro Forma
As of June 30, 2008:		
Cash set aside for future use	\$ 1,011,572	
Property and equipment – net	7,572,891	
All other assets	2,289,288	\$ 2,289,288
	10,873,751	2,289,288
Liabilities:		
Operating	2,372,858	2,372,858
Net assets	8,500,893	(83,570)
	\$ 10,873,751	\$ 2,289,288
As of June 30, 2007:		
Cash set aside for future use	\$ 484,252	
Property and equipment – net	7,949,207	
All other assets	1,764,681	\$ 1,764,681
	10,198,140	1,764,681
Liabilities:		
Operating	2,126,900	2,126,900
Net assets	8,071,240	(362,219)
	\$ 10,198,140	\$ 1,764,681

## SUPPLEMENTAL INFORMATION

---

Redlands Christian Migrant Association, Inc.

(A Not-For-Profit Organization)

Schedule I

Schedule of Federal Awards and State Financial Assistance

For The Year Ended June 30, 2008

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	CFDA/ CSFA Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
<b>Federal Major Program:</b>				
<b>U.S. Department of Health and Human Services (HHS)</b>				
<u>Passed through State of Florida Agency For Workforce Innovation</u>				
Child Care Development Fund (CCDF)	93.575	SR558	\$ 5,298,504	
CCDF Mandatory/ Matching	93.596	SR558	6,430,025	
CCDF Maintenance of Effort (MOE)	93.596	SR558	1,370,527	
Caring for Kids	93.575	SR558	134,828	
Inclusion	93.575	SR558	45,000	
SSBG	93.667	SR558	6,948	
<b>State Major Program:</b>				
<b>Agency for Workforce Innovation</b>				
<u>Passed through Early Learning Coalition of Southwest Florida</u>				
Voluntary Pre-Kindergarten Education Program	75.007			\$ 2,896,507
Voluntary Pre-Kindergarten Education Program-Quality Enhancement	75.007			37,928
<u>Passed through School Board of Glades County</u>				
Voluntary Pre-Kindergarten Education Program	75.007			9,220
<b>U.S. Department of Health and Human Services (HHS)</b>				
<u>Passed through State of Florida Agency For Workforce Innovation</u>				
State General Revenue - Unrestricted	75.005	SR558		229,100
<b>Non-Major Programs:</b>				
<b>U.S. Department of Health and Human Services (HHS):</b>				
<u>Passed through East Coast Migrant Head Start Project:</u>				
East Coast Migrant Head Start	93.600	90-CM-0087	14,435,542	
Disabilities	93.600		120,554	
Chapel Hill	93.600		46,420	
<b>U.S. Department of Health and Human Services (HHS):</b>				
Head Start	93.600	04CHO383/17	7,080,462	
Early Head Start	93.600		3,834,532	
			\$ 38,803,342	\$ 3,172,755

Attention is directed to independent auditors' report and notes to the  
Schedule of Federal Awards and State Financial Assistance.

**Redlands Christian Migrant Association, Inc.**

(A Not-For-Profit Organization)

**Schedule I**

**Schedule of Federal Awards and State Financial Assistance (Continued)**

**For The Year Ended June 30, 2008**

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	CFDA/ CSFA Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
Total from previous page			\$ 38,803,342	\$ 3,172,755

**Non-Major Programs:**

**U.S. Department of Education**

Passed through State of Florida

Department of Education

Passed through Early Learning Coalition

of Palm Beach County

84.213

807-2197A-7RC01

20,843

**U.S. Department of Agriculture**

Passed through the Florida

Department of Health

Child and Adult Care Food Programs

10.558

03-0557

3,199,766

**U.S. Department of Health and Human  
Services (HHS)**

Passed through State of Florida

Department of Children and Families

Beyond Barriers

93.590

LJ823

195,797

46,338

**Department of Education**

Passed through University of North Carolina

Project Aspire-Migrant Even Start

84.214

SRV07FXA-1728

113,750

\$ 42,333,498

\$ 3,219,093

Attention is directed to independent auditors' report and notes to the  
Schedule of Federal Awards and State Financial Assistance.

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)

Schedule I  
Schedule of Federal Awards and State Financial Assistance (Continued)  
For The Year Ended June 30, 2008

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	CFDA/ CSFA Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
Total from previous page			\$ 42,333,498	\$ 3,219,093
<b><u>Nonmajor Programs: (continued)</u></b>				
<b><u>Florida Department of Education</u></b>				
<b><u>School Board</u></b>				
Passed through Highlands County			112,435	
Passed through Glades County			73,865	
Passed through Hardee County			31,040	
Passed through Hendry County School Board			27,426	
Passed through DeSoto County School Board			11,011	
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b><u>Community Block Grant</u></b>				
Passed through Hillsborough County	14.218		166,999	
Passed through Palm Beach County	14.218		41,176	
<b><u>U.S. Department of Education</u></b>				
<b><u>Passed through State of Florida Department of Education</u></b>				
Title I	84.010		77,406	
National School Lunch	10.555		282,656	
<b><u>Passed through Collier and Hillsborough County School Boards</u></b>				
Capital Outlay			250,221	
<b><u>Federal Communications Commissions</u></b>				
<b><u>Passed through Universal Services Administrative Company - School and Library</u></b>				
E-Rate			60,122	
<b><u>Other Assistance:</u></b>				
<b><u>Department of Health and Human Services</u></b>				
<b><u>Passed through</u></b>				
Early Learning Coalition of Southwest Florida			359,053	
Early Learning Coalition of Florida Heartland			157,540	
Childhood Development Services, Inc.			16,710	
Episcopal Childrens Services			8,446	
Family Central			58,908	
Early Learning Coalition of Indian River Martin and Okeechobee County			91,351	
Early Learning Coalition of Putnam County			10,287	
Early Learning Coalition of Flagler			821	
			\$ 44,170,971	\$ 3,219,093

Attention is directed to independent auditors' report and notes to the  
Schedule of Federal Awards and State Financial Assistance.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Schedule of Federal Awards and State Financial Assistance**

---

**Basis of Presentation:**

The Schedule of Federal and State Financial Assistance includes the expenditures charged to RCMA's grants on the basis that RCMA reports to the funding source. Such basis provides for the purchase of property and equipment as current period expenditures and accordingly no depreciation is provided. Therefore, the amount of expenditures presented in this schedule differs from amounts presented in, or used in the preparation of the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB A-133.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Schedule II**  
**Grants from Federal, State and Local Agencies**

	For the	
	Years Ended June 30,	
	2008	2007
State of Florida-Agency for Workforce Innovation		
Office of Early Learning		
School Readiness		
At-risk Low Income Children	\$ 13,335,111	\$ 13,335,112
Caring for Kids	134,848	135,355
Inclusion	45,000	45,000
Passed through Early Learning Coalition of Southwest Florida		
Voluntary Pre-Kindergarten Education Program	2,896,507	2,467,073
Voluntary Pre-Kindergarten Education Program-Quality Enhancement	37,928	
Passed through School Board of Glades County		
Voluntary Pre-Kindergarten Education Program	9,220	22,761
Passed through Early Learning Coalition of Flagler		
Voluntary Pre-Kindergarten Education Program		16,275
U.S. Department of Education		
Early Learning Coalition of Palm Beach	20,843	320,411
Title I	77,406	127,665
National School Lunch	282,656	274,214
E-Rate	60,122	33,842
<u>Passed through Hillsborough/Collier School Boards</u>		
Capital Outlay	250,221	263,985
State of Florida -Department of Health,		
Food and Nutrition Management		
Food Program	3,199,766	2,998,219
Department of Health and Human Services		
Head Start	7,080,462	7,122,196
Early Head Start	3,834,532	3,779,180
<u>Passed through State of Florida</u>		
Beyond Barriers	242,135	200,917
East Coast Migrant Head Start Program		
Head Start	14,435,542	14,668,885
Disabilities	120,554	
Special Effort		54,512
Other	46,420	30,574
University of North Carolina - US Department		
of Education		
Project Aspire	113,750	125,000
Sub-Totals	<b>\$ 46,223,023</b>	<b>\$ 46,021,176</b>

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Schedule II**  
**(Continued)**  
**Grants from Federal, State and Local Agencies**

	<b>For the</b>	
	<b>Years Ended June 30,</b>	
<b>Totals from previous page</b>	<b>2008</b>	<b>2007</b>
	\$	\$
Local School Boards		
Hendry County - Early Childhood Teen Parent	27,426	20,762
Highlands County School Board - Teen Parent	112,435	122,651
Hardee County School Board - Teen Parent	31,040	28,240
Glades County - School Board	73,865	69,048
Passed through De Soto County	11,011	
Department of Health and Human Services		
<i>Passed through:</i>		
Early Learning Coalition of Southwest Florida	359,053	376,870
Early Learning Coalition of Florida Heartland	157,540	137,273
Childhood Development Services, Inc.	16,710	12,484
Episcopal Childrens Services	8,446	5,906
Family Central	58,908	28,270
Early Learning Coalition of Putnam County	10,287	
Early Learning Coalition of Flagler	821	
Early Learning Coalition of Indian River Martin and Okeechobee County	91,351	18,011
U.S. Department of Housing and Urban Development		
Community Block Grant		
<i>Passed through:</i>		
Hillsborough County	166,989	160,188
Palm Beach County	41,176	31,501
Other Local Agencies		
Children Services Council	32,523	30,806
Manatee Opportunity Council		5,245
University of Miami	22,996	
SW Florida Community Foundation	30,000	
Indian River County Childrens Service Advisory	30,000	
Community Foundation of Collier	10,000	25,000
Childrens Board of Hillsborough	476,616	378,205
University of Florida	23,640	
Women's Fund	3,000	5,000
Naples Children Education Foundation	110,725	599,800
Others	152,890	4,101
	<b>\$ 48,282,471</b>	<b>\$ 48,080,537</b>

**Redlands Christian Migrant Association, Inc.**  
**( A Not-For-Profit Organization)**  
**Schedules III, IV & V**

---



---

**Schedule III**  
**Grants - Counties And Municipalities**

	For the	
	Years Ended June 30,	
	2008	2007
Metropolitan Dade County	\$ 118,000	\$ 118,000

**Schedule IV**  
**Contributions - United Way**

United Way - Collier County	\$ 65,412	\$ 66,397
- Indian River County	60,078	41,880
- Hillsborough County	179,452	146,983
- Putnam County		1,000
- Miami-Dade County	261,034	259,817
- Palm Beach County	26,701	27,500
- Others	2,142	2,811
	\$ 594,819	\$ 546,388

**Schedule V**  
**Contributions - Other**

Parent donations	\$ 92,131	\$ 55,381
------------------	-----------	-----------

## REPORTING SECTION

---



## **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  
Redlands Christian Migrant Association, Inc.

We have audited the financial statements of Redlands Christian Migrant Association, Inc. (a Not-For-Profit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

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

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

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

#### Members of:

To the Board of Directors of  
Redlands Christian Migrant Association, Inc.  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redlands Christian Migrant Association'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 Government Auditing Standards.

This report is intended for the information of the audit committee, board of directors, management and federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Ocariz, Gitlin, & Zomerfeld, LLP*

September 23, 2008



# OCARIZ, GITLIN & ZOMERFELD, LLP

Certified Public Accountants & Consultants

999 Ponce de Leon Blvd.  
Suite 1045  
Coral Gables, FL 33134  
Tel 305.444.8288  
Fax 305.444.8280  
www.ogz-cpa.com

## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and State Projects**

---

To the Board of Directors of  
Redlands Christian Migrant Association, Inc.

### Compliance

We have audited the compliance of Redlands Christian Migrant Association, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended June 30, 2008. RCMA's major federal programs and state projects are identified in the Schedule of Findings and Questioned Costs Summary of Auditors' Results. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state project is the responsibility of RCMA's management. Our responsibility is to express an opinion on RCMA'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 and Chapter 10.650, Rules of the Auditor General. Those standards and OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, 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 major federal programs and state projects occurred. An audit includes examining, on a test basis, evidence about RCMA'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 RCMA's compliance with those requirements.

In our opinion, Redlands Christian Migrant Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended June 30, 2008.

#### Members of:

American Institute of  
Certified Public Accountants

Florida Institute of  
Certified Public Accountants

National Association of  
Certified Valuation Analysts

Internal Control over Compliance

The management of RCMA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program and state projects. In planning and performing our audit, we considered RCMA's internal control over compliance with requirements that could have a direct and material effect on major federal programs and state projects 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 entity'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 federal program will not be prevented or detected by the entity's internal control.

Our consideration of 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 for the information of the audit committee, board of directors, management and federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Ocariz, Gitlin, & Zamerfeld, LLP*

September 23, 2008

**Redlands Christian Migrant Association, Inc.**  
**(A Not-Profit Organization)**  
**Schedule of Prior Year Audit Findings**

---

**Finding #07-1**

**Condition:** During the prior year audit, a significant deficiency was noted. RCMA received approximately \$600,000 in contributions from donors which included specific restrictions as to the use of the money. These contributions were not utilized by the end of the fiscal year, and management recorded them in the statement of financial position as contributions designated for future periods. Such contributions had clearly met the criteria of contributions received that are recognized as revenues in the period received in the statement of activities. In this connection, we proposed an adjustment to RCMA's financial statements to include the \$600,000 referred to above as revenues in the current period.

**Recommendation:** We recommended that management should carefully analyze all of the funds received and properly segregate revenues from contracts that are in substance commercial transactions to contributions received from donors.

**Current Status:** Management accepted and adopted our recommendation. No similar findings were noted in 2008 audit.

**Redlands Christian Migrant Association, Inc.**  
**(A Not-Profit Organization)**  
**Schedule of Findings and Questioned Costs**  
**Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Redlands Christian Migrant Association, Inc. (RCMA).
2. There were no deficiencies disclosed as a result of the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of RCMA were disclosed as result of the audit.
4. No significant deficiencies were disclosed as result of the audit of the major federal award program and state project.
5. The auditors' report on compliance with the major federal award program and state project for RCMA expresses an unqualified opinion.
6. No findings were disclosed as result of the audit relative to the major federal award program and state project.
7. The programs tested as a major program included:

<b>Agency</b>	<b>Program</b>	<b>Federal</b>	<b>State</b>
<b>U.S. Department Of Health and Human Services:</b>			
<i>Passed through State of Florida Agency for Workforce Innovation</i>			
	School Readiness		
	Child Care Development Fund	\$ 5,298,504	
	CCDF Mandatory/Matching	6,430,025	
	CCDF Maintenance of Effort (MOE)	1,370,527	
	Caring for Kids	134,828	
	Inclusion	45,000	
	SSBG	6,948	
	State General Revenue – Unrestricted		\$ 229,100
<b>Agency for Workforce Innovation:</b>			
<i>Passed through Early Learning Coalition of Southwest Florida</i>			
	Voluntary Pre-Kindergarten Education Program		2,896,507
<i>Passed through School Board of Glades County</i>			
	Voluntary Pre-Kindergarten Education Program		9,220

8. For the June 30, 2008, Single Audit, the threshold used to distinguish between Type A and Type B programs was \$1,281,362 for major federal programs and \$300,000 for major state projects.
9. RCMA was determined to be a low-risk audit.
10. There were no items relating to State financial assistance required to be reported in a management letter.

**Findings – Financial Statements Audit**

None

**Findings and Questioned Costs – Major Federal Award Program and State Project Audit**

None

**Findings and Questioned Costs – for prior year**

One (Page 26)