

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Financial Statements**  
**And**  
**Independent Auditors' Report**  
**June 30, 2010**

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# FINANCIAL STATEMENTS

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## 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, 2010, 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 June 30, 2010, 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 20, 2010, 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 20, 2010, 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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Redlands Christian Migrant Association, Inc. taken as a whole. The accompanying Schedule I (pages 16-19) 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 20-22) are presented for the purpose of additional analysis. These schedules are 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial information for the year ended June 30, 2009 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, 2009 audited financial statements upon which we expressed an unqualified opinion dated October 6, 2009.

*Ocariz, Gitlin, & Zamerfeld, LLP*

September 20, 2010

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Statements of Financial Position**  
**June 30, 2010**  
(With comparative totals for 2009)

	Unrestricted	Temporarily Restricted	Combined Totals	
			2010	2009
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 3,799,993		\$ 3,799,993	\$ 2,779,992
Accounts receivable - grants	3,034,789		3,034,789	3,179,373
- other	47,156		47,156	74,864
- school boards	217,800		217,800	137,371
Prepaid expenses and other current assets	720,243		720,243	678,152
<b>Total current assets</b>	<b>7,819,981</b>		<b>7,819,981</b>	<b>6,849,752</b>
<b>Property and equipment - net</b>	<b>12,157,840</b>	<b>\$ 9,675,583</b>	<b>21,833,423</b>	<b>20,603,875</b>
<b>Deposits and other assets</b>				
Cash - sinking fund	429,312		429,312	331,643
Cash set aside for future purchases and major repairs of property and equipment	646,000	1,021,039	1,667,039	2,508,933
Building and utility deposits	64,713		64,713	62,031
Donated rental property	125,000		125,000	125,000
	<b>\$ 21,242,846</b>	<b>\$ 10,696,622</b>	<b>\$ 31,939,468</b>	<b>\$ 30,481,234</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 1,793,314		\$ 1,793,314	\$ 2,049,164
Accrued payroll, vacation, sick leave and other expenses	2,876,001		2,876,001	2,350,299
Advances from funding agencies	74,569		74,569	
Current portion of long-term debt	153,103		153,103	163,906
<b>Total current liabilities</b>	<b>4,896,987</b>		<b>4,896,987</b>	<b>4,563,369</b>
<b>Long-term debt, less current portion</b>	<b>3,395,000</b>		<b>3,395,000</b>	<b>3,548,103</b>
<b>Total liabilities</b>	<b>8,291,987</b>		<b>8,291,987</b>	<b>8,111,472</b>
<b>Net Assets</b>				
Designated for reserve for major repairs	646,000		646,000	1,200,000
Other net assets	12,304,859	\$ 10,696,622	23,001,481	21,169,762
<b>Total Net Assets</b>	<b>12,950,859</b>	<b>10,696,622</b>	<b>23,647,481</b>	<b>22,369,762</b>
	<b>\$ 21,242,846</b>	<b>\$ 10,696,622</b>	<b>\$ 31,939,468</b>	<b>\$ 30,481,234</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 Activities**  
**For the Year Ended June 30, 2010**  
**(With comparative totals for 2009)**

	Unrestricted	Temporarily Restricted	Combined Totals	
			2010	2009*
<b>Revenues and Contributions</b>				
Grants - federal, state and local agencies	\$ 47,138,087	\$ 2,447,299	\$ 49,585,386	\$ 49,032,522
- ARRA	5,795,129		5,795,129	144,840
- counties and municipalities	118,000		118,000	118,000
- charter schools revenues	2,804,736		2,804,736	2,547,212
Other revenues				
Child care fees	1,160,573		1,160,573	1,335,333
Rental income	61,678		61,678	21,326
Interest, investment and other income	38,240		38,240	56,581
Fund raising events	588,925		588,925	449,932
Contributions - Local				
- Agriculture	99,269		99,269	105,621
- United Way	44,200		44,200	99,575
- Other	509,286		509,286	587,943
- for Charter Schools	111,303		111,303	446,977
- for Charter Schools	278,154		278,154	311,555
Donated space, materials and services	2,898,620		2,898,620	2,711,272
	61,646,200	2,447,299	64,093,499	57,968,689
Revenues released from restriction	2,179,708	(2,179,708)		
	63,825,908	267,591	64,093,499	57,968,689
<b>Functional Expenses</b>				
Program services	56,754,564		56,754,564	49,959,635
General and administrative	5,864,067		5,864,067	5,615,131
Fund raising	212,450		212,450	262,534
	62,831,081		62,831,081	55,837,300
<b>Excess of revenues and contributions over expenses</b>	<b>994,827</b>	<b>267,591</b>	<b>1,262,418</b>	<b>2,131,389</b>
<b>Other increases (decreases) in net assets</b>				
Gain on sale of assets	4,115		4,115	25,313
Unrealized gain (loss) on marketable securities	11,186		11,186	(18,260)
<b>Net Increase in Net Assets</b>	<b>1,010,128</b>	<b>267,591</b>	<b>1,277,719</b>	<b>2,138,442</b>
Net assets - beginning of year	11,940,731	10,429,031	22,369,762	20,231,320
<b>Net Assets - end of year</b>	<b>\$ 12,950,859</b>	<b>\$ 10,696,622</b>	<b>\$ 23,647,481</b>	<b>\$ 22,369,762</b>

\*Certain amounts have been reclassified for comparative purposes

Redlands Christian Migrant Association, Inc.  
 (A Not-For-Profit Organization)  
 Statements of Functional Expenses  
 For the Year Ended June 30, 2010  
 (With comparative totals for 2009)

	PROGRAM SERVICES										Grand and Support		Comparison Totals	
	Child Care	Head Start	Food	Youth and	Charter	Total	Administrative	Food	2010	2009				
	Standardized	ARRA	Field Staff	Other	Schools		Food Service	Other						
Program costs	\$ 9,562,857	\$ 752,627	\$ 14,577,467	\$ 1,122,741	\$ 2,326,975	\$ 30,830,496	\$ 2,919,165	\$ 52,070	\$ 33,801,734	\$ 29,487,657				
Salaries	2,230,896	1,114,409	3,189,996	468,350	468,350	7,028,183	666,181	9,031	2,201,405	6,840,783				
Payroll taxes and fringe benefits	12,193,333	864,036	17,762,463	1,441,175	2,795,333	37,256,682	3,585,356	61,101	41,503,139	36,234,470				
Travel														
Contracted services														
Child care services	1,084,156	300,780	600,369	279,117	79,492	2,432,046	74,539	9,850	2,526,605	1,526,539				
Dish	33,848	4,669	33,807	51,113	290,929	206,139		9,850	215,989	277,685				
Food	418,039	48,965	1,207,111	1,813,740	122,643	1,886,669	140,742	1,987	1,886,669	1,668,224				
Supplies	102,984	23,239	356,872	107,332	41,931	644,777	80,328	2,331	2,327,119	2,220,726				
Contractable equipment	124,509	8,213	362,922	10,409	70,652	605,055	91,879		727,056	727,283				
Transportation	482		20,621	21,060	245	43,850	28,195		696,934	641,077				
Out of state travel									77,518	44,352				
Occupancy costs	1,271,111	136,377	2,345,943	1,111,324	262,704	4,168,829	408,837	475	4,577,637	4,204,365				
Depreciated space			2,612,134	77,633		2,709,731			2,709,731	2,486,472				
Le-lease travel	104,836	3,889	228,981	10,514	6,587	419,509	97,891	264	526,029	416,804				
Health services	8,656	523	78,904	2,306	33,643	125,177	764		156,544	156,544				
Interest									264	69,721				
Conferences and workshops	95,233	3,862	397,732	283,071	27,046	832,232	20,197	964	960,681	592,590				
Direct costs of food ratings events			5,336			5,336			121,190	142,940				
Other expenses	68,265	4,835	156,404	6,639	123,500	354,582	180,357	1,872	531,206	492,472				
Professional fees	1,000		17,718	4,000	12,996	22,716	721,648		144,066	229,554				
Repairs and maintenance	39,358	2,760	60,087	5,005	12,996	110,016	15,940		176,936	137,964				
Depreciation	225,939	9,379	1,516,037	47,432	68,390	1,890,395	813,643		2,704,238	2,847,368				
Date processing	48,399	1,666	81,245	47,432	68,390	195,645	18,026		157,671	163,110				
Unallocated child care fees				2,010	22,705	22,705	33,338		36,043	33,020				
	\$ 13,906,432	\$ 1,417,218	\$ 27,866,642	\$ 3,107,573	\$ 3,489,361	\$ 40,806,848	\$ 5,854,067	\$ 212,450	\$ 47,873,765	\$ 43,877,100				

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

**Redlands Christian Migrant Association, Inc.**  
**( A Not-For-Profit Organization)**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2010**  
(With comparative totals for 2009)

	Unrestricted Funds	Temporarily Restricted Funds	Combined Totals	
			2010	2009*
<b>Cash flows from operating activities</b>				
Cash received from grantors and revenues	\$ 58,911,422	\$ 2,447,299	\$ 61,358,721	\$ 53,843,899
Cash paid to suppliers and employees	(56,971,761)		(56,971,761)	(48,913,478)
Interest received	2,590		2,590	35,403
Interest paid	(20,197)		(20,197)	(69,721)
<b>Net cash provided by operating activities</b>	<b>1,922,054</b>	<b>2,447,299</b>	<b>4,369,353</b>	<b>4,896,103</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(1,194,478)	(2,735,193)	(3,929,671)	(5,245,939)
Cash set aside in sinking fund	(97,669)		(97,669)	(66,912)
<b>Net cash used in investing activities</b>	<b>(1,292,147)</b>	<b>(2,735,193)</b>	<b>(4,027,340)</b>	<b>(5,312,851)</b>
<b>Cash flows from financing activities</b>				
Principal payments of debt	(163,906)		(163,906)	(193,104)
Decrease on cash set aside	554,000	287,894	841,894	268,766
<b>Net cash provided by financing activities</b>	<b>390,094</b>		<b>677,988</b>	<b>75,662</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,020,001</b>		<b>1,020,001</b>	<b>(341,086)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>2,779,992</b>		<b>2,779,992</b>	<b>3,121,078</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 3,799,993</b>		<b>\$ 3,799,993</b>	<b>\$ 2,779,992</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	\$ 1,010,128	\$ 267,591	\$ 1,277,719	\$ 2,138,442
Add back items which do not affect cash:				
Depreciation	2,704,238		2,704,238	2,947,568
Unrealized (loss) gain on marketable securities	(11,186)		(11,186)	18,260
Gain on sale of fixed asset	(4,115)		(4,115)	(25,313)
Revenue released from restriction	(2,179,708)	2,179,708		
Add or (deduct) changes in certain assets and liabilities:				
Accounts receivable	91,863		91,863	408,712
Prepaid expenses and other	(42,091)		(42,091)	180,176
Advances from funding agencies	74,569		74,569	(1,786,827)
Other assets	8,504		8,504	(146,052)
Accounts payable and accrued expenses	269,852		269,852	1,161,137
<b>Net cash provided by operating activities</b>	<b>\$ 1,922,054</b>	<b>\$ 2,447,299</b>	<b>\$ 4,369,353</b>	<b>\$ 4,896,103</b>

**Noncash transactions**

Costs of equipment purchased in restricted funds is net of \$166,021 of cash set aside in prior year.

\*Certain amounts have been reclassified for comparative purposes

Attention is directed to independent auditors' report and 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 in 1965. 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 2010, 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 a maximum of 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.

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.

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

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

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.
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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-6 and I).

**2. Fair Value Measurements**

Generally accepted accounting principles categorize the assets and liabilities of a reporting entity into financial and non-financial assets and liabilities in order to prescribe the acceptable basis of fair value accounting and reporting. Such principles require that assets and liabilities be measured at fair market value unless the reporting entity opts for an acceptable alternative. Fair value measurements establish a hierarchy to prioritize the computation of fair value. Such hierarchy consist of a) - valuations based on quoted prices in active markets for identical assets or liabilities (Level 1), b) - valuations based on observable quoted prices for similar assets and liabilities in active markets (Level 2), and c) - valuations based on inputs that are unobservable and are supported by little or no market activity, therefore, requiring management's best estimate of what market participants would use as fair value (Level 3). A description of the Company's accounting principles and basis of presentation with regards to the fair market value of its assets and liabilities follows:

**Financial assets and liabilities**

The Company exercised the option to reflect certain financial assets and liabilities such as accounts receivable, accounts payable, accrued expenses and short and long-term debt obligations at their carrying values. Such accounting option is in accordance with generally accepted accounting principles. Cash and cash equivalents carrying value is deemed the same as market value at a Level 1 type of valuation.

**Non-financial assets and liabilities**

The Company's non-financial assets and liabilities comprise of assets which are measured at fair value on a nonrecurring basis such as property and equipment. The Company's property and equipment as further explained in Note A (6) is tested for impairment and adjusted to fair market value based on a Level 2 type of valuation when circumstances indicate that the carrying value of an asset may not be recoverable.

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

**3. 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.

**4. 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.

**5. 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.

**6. Property and Equipment**

Property and equipment is recorded at cost when purchased or constructed, or at market value when donated. The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. 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. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

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, 2010.

**7. 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.

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

**8. 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.

**9. 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. The Organization's information returns filed with the Internal Revenue Service have not been examined in the past. The Organization is not aware of any uncertainties that could jeopardize its not-for-profit status. Therefore, no provision or liability for income taxes is deemed necessary.

The Organization's tax returns for the years 2006, 2007 and 2008 remain subject to examination by Internal Revenue Service. In the unlikely event an uncertain tax position existed in which the Organization could incur corporate income taxes, management would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by a taxing authority in accordance with FAS ASC 740-10, *Accounting for Uncertainty in Income Taxes*.

Based on the implementation of FAS ASC 740-10, *Accounting for Uncertainty in Income Taxes*, the Organization has determined that no amounts are required to be accrued for taxes or related penalties and interest for any tax positions taken through June 30, 2010.

**10. Donated Space, Materials and Services**

Donated space and materials are reflected in the accompanying statements at their fair value. Donated space absent donor restrictions are recorded as unrestricted. Donated services have not been reflected in these statements, since they did not "create or enhance non-financial assets" or "require specialized skills" and would 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.

**11. Subsequent Events**

Subsequent events have been evaluated through September 20, 2010, which is the date the financial statements were available to be issued.

**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)
	2010	2009	
Land	\$ 1,032,863	\$ 967,019	
Construction in progress	2,101,137	1,279,803	
Building and improvements	21,624,096	20,197,241	8 to 20
Leasehold improvements	10,154,158	9,497,190	3 to 5
Modular classrooms	873,429	873,429	3 to 5
Kitchen equipment	1,144,447	1,059,940	3 to 5
Program equipment	3,843,291	3,996,571	3 to 5
Transportation equipment	3,937,366	3,664,091	3 to 5
Office equipment	2,554,060	2,721,480	3 to 5
	<u>47,264,847</u>	<u>44,256,764</u>	
Less accumulated depreciation	25,431,424	23,652,889	
	<u>\$ 21,833,423</u>	<u>\$ 20,603,875</u>	

Depreciation expense amounted to \$2,704,238 and \$2,947,568 for 2010 and 2009, respectively.

**NOTE C - Long-Term Debt**

Long-term debt consists of the following:

	June 30,	
	2010	2009
Bonds payable (1)	\$ 3,530,000	\$ 3,660,000
Note payable to financial institution - provides for monthly principal payments of \$3,095 including interest of 8.82% through December 2010.	18,103	52,009
	<u>3,548,103</u>	<u>3,712,009</u>
Less current portion (inclusive of sinking bonds requirements)	153,103	163,906
	<u>\$ 3,395,000</u>	<u>\$ 3,548,103</u>

**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 the bonds payable sinking fund requirements are due as follows:

Years Ending June 30,	Sinking Fund Payments
2012	\$ 140,000
2013	150,000
2014	160,000
2015	165,000
2016	175,000
Thereafter	2,605,000
	<u>\$ 3,395,000</u>

RCMA's sinking fund balance at June 30, 2010 is utilized to cover the sinking fund requirements for 2011 and 2012.

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

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**NOTE D – Designated for Reserve for Major Repairs**

During the year, \$554,000 was utilized for the purchase of various capital assets from the cash set aside for future purchases and major repairs of property and equipment. In this connection, cash set aside as of June 30, 2010 amounted to \$646,000. No additional cash was added to this account during the year.

**NOTE E - 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 2012. Rent expense aggregated \$2,887,799 and \$2,776,241 inclusive of \$2,709,791 and \$2,586,272 of donated space for 2010 and 2009, respectively.

The minimum rental commitments under operating leases approximate the following:

For the Years Ending June 30,		
2011	\$	50,300
2012		12,400
	\$	<u>62,700</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, 2010, which will have a material effect on the financial statements.

**Credit Risk**

The Organization's cash balances during the year were in excess of the federal insured limits of \$250,000. At June 30, 2010, the Organization's uninsured cash balances totaled \$3,099,241. Cash equivalent amounts invested in the Sweep Investment Account are not insured nor guaranteed by the FDIC. However, the Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

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

The Organization's Thrift Plan provides that all eligible employees may contribute up to 20% of their salary. RCMA 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, 2010 and 2009 aggregated to \$428,998 and \$440,644, respectively.

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

**Note G - 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:

	<u>Revenues</u>	<u>Effective Rate</u>	<u>Amount</u>
Head Start – Migrant Head Start	\$ 15,889,561	10%	\$ 1,588,956
Migrant Head Start - ARRA	793,888	10%	79,389
Head Start	7,294,962	20%	1,458,992
Head Start - ARRA	150,535	20%	30,107
Early Head Start	3,953,752	20%	790,750
Early Head Start - ARRA	1,554,195	20%	310,839
School Readiness	13,373,803	N/A	577,615
Child Care Executive Partnership	200,000	N/A	200,000
Match required			5,036,648
Eligible match submitted			6,105,276
Excess match			<u>\$ 1,068,628</u>

Although the Organization did receive excess match funding in total, the Organization did not meet the Early Head Start, Early Head Start – ARRA and Migrant Head Start – ARRA, individual match requirements. The Organization applied for a waiver from the funding agency.

**Note H - 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, 2010, RCMA revenues derived from state and Federal grants approximated to \$55,000,000 or 86% 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 I – 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, 2010, the balance in the endowment amounted to \$304,234.

**Note J - 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).



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, 2010

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	CFDA/ CSFA Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
<b><u>Federal Major Programs:</u></b>				
<b><u>U.S. Department of Health and Human Services (HHS):</u></b>				
Head Start	93.600	04CHO383/19	\$ 7,294,962	
Early Head Start	93.600		3,953,752	
Migrant Head Start	93.600	90-CM-9794-02	15,889,561	
			<u>27,138,275</u>	
<b><u>American Recovery and Reinvestment Act</u></b>				
Quality Improvement COLA - (ARRA)	93.708	90SE9794/01	1,486,438	
Head Start Expansion - (ARRA)	93.708	04SI10383/01	150,535	
			<u>1,636,973</u>	
<b><u>American Recovery and Reinvestment Act</u></b>				
Early Head Start Expansion - (ARRA)	93.709	04SA0383/01	1,554,195	
Early Head Start/Migrant Head Start - (ARRA)	93.709	90SG9794/01	793,888	
			<u>2,348,083</u>	
<b><u>U.S. Department of Health and Human Services (HHS)</u></b>				
<b><u>Passed through State of Florida Agency For Workforce Innovation</u></b>				
School Readiness - American Recovery & Reinvestment Act (ARRA)	93.713	V1003/SR550	1,810,073	
<b><u>U.S. Department of Agriculture</u></b>				
<b><u>Passed through the Florida Department of Health</u></b>				
Child and Adult Care Food Programs	10.558	S-0557	3,452,778	
Child and Adult Care Food Programs	10.558	D-0708	217,203	
			<u>3,669,981</u>	
<b><u>State Major Programs:</u></b>				
<b><u>Agency for Workforce Innovation</u></b>				
<b><u>Passed through Early Learning Coalition of Southwest Florida</u></b>				
Voluntary Pre-Kindergarten Education Program	75.007			\$ 2,834,177
<b><u>Passed through School Board of Glades County</u></b>				
Voluntary Pre-Kindergarten Education Program	75.007			27,336
				<u>2,861,513</u>
			<u>\$ 36,603,385</u>	<u>\$ 2,861,513</u>

Attention is directed to independent auditors' report and note 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, 2010

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			\$ 36,603,385	\$ 2,861,513
<b><u>Non-Major Programs:</u></b>				
<b><u>U.S. Department of Health and Human Services (HHS)</u></b>				
<b><u>Passed through State of Florida Agency For Workforce Innovation</u></b>				
School Readiness - Child Care Development Fund (CCDF)-Mandatory	93.596	V1003/SR550	2,627,976	
CCDF GR Match	93.596	V1003/SR550	4,187,404	
CCDF GR Maintenance of Effort (MOE)	93.596	V1003/SR550	461,086	
			<u>7,276,466</u>	
School Readiness - Child Care Development Fund (CCDF)-Discretionary	93.575	V1003/SR550	5,233,903	
Caring for kids	93.575	V1003/SR550	134,828	
Inclusion	93.575	V1003/SR550	45,000	
			<u>5,413,731</u>	
SSBG	93.667	V1003/SR550	9,883	
<b><u>U.S. Department of Health and Human Services (HHS)</u></b>				
<b><u>Passed through State of Florida Agency For Workforce Innovation</u></b>				
State General Revenue - Unrestricted	75.005	V1003/SR550		192,277
<b><u>U.S. Department of Education</u></b>				
<b><u>Passed through The University of South Florida</u></b>				
Parental Assistance Centers	84.310	1760-1016-00-D	78,929	
<b><u>Florida Department of Education</u></b>				
<b><u>School Board</u></b>				
Passed through Highlands County			111,918	
Passed through Glades County			135,099	
Passed through Hardee County			50,720	
Passed through Hendry County School Board			9,970	
Passed through Putnam County School Board			1,536	
<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		102,808	
Passed through Palm Beach County	14.218		29,725	
			<u>132,533</u>	
			<u>\$ 49,824,170</u>	<u>\$ 3,053,790</u>

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

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

Schedule J

Schedule of Federal Awards and State Financial Assistance (Continued)  
For The Year Ended June 30, 2010

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			\$ 49,824,170	\$ 1,053,790
<b><u>Nonmajor Programs: (continued)</u></b>				
<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		150,984	
National School Lunch	10.555		344,300	
<b><u>Passed through Collier and Hillsborough County School Boards</u></b>				
Capital Outlay			195,545	
<b><u>Federal Communications Commissions</u></b>				
<b><u>Passed through Universal Services</u></b>				
<b><u>Administrative Company - School and Library</u></b>				
E-Rate			97,618	
<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 Florida Heartland			105,043	
Early Learning Coalition of Pasco & Hernando Counties			54,185	
Episcopal Children's Services			9,092	
Family Central			131,152	
Early Learning Coalition of Indian River Martin and Okeechobee County			65,070	
Community Coordinated Child Care			400,492	
Arbor E&T LLC Polk County Early Learning Coalition			7,221	
Early Learning Coalition of Flagler			740	
Early Learning Coalition of the Big Bend Region			5,220	
			<u>\$ 51,390,832</u>	<u>\$ 3,053,790</u>

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

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

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**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,	
	2010	2009
State of Florida-Agency for Workforce Innovation		
Office of Early Learning		
School Readiness		
At-risk Low Income Children	\$ 12,512,804	\$ 13,126,481
Caring for Kids	134,828	120,900
Inclusion	45,000	45,062
Child Care Executive Partnership	200,000	149,999
Passed through Early Learning Coalition of Southwest Florida		
Voluntary Pre-Kindergarten Education Program	2,834,177	2,789,355
Passed through School Board of Glades County		
Voluntary Pre-Kindergarten Education Program	27,336	25,514
U.S. Department of Education		
Title I	150,984	119,697
National School Lunch	344,300	299,600
E-Rate	97,618	58,593
<i>Passed through Hillsborough/Collier School Boards</i>		
Capital Outlay	195,545	86,189
State of Florida -Department of Health,		
Food and Nutrition Management		
Food Program	3,669,981	3,438,095
Department of Health and Human Services		
Head Start	7,294,962	7,084,610
Early Head Start	3,953,752	3,834,532
Migrant Head Start	15,889,561	7,399,878
East Coast Migrant Head Start Program		
Head Start		7,982,818
Disabilities		44,287
Other		
University of North Carolina - US Department		
of Education		
Project Aspire		27,500
Local School Boards		
Hendry County - Early Childhood Teen Parent	9,970	20,440
Highlands County School Board - Teen Parent	111,918	128,353
Hardee County School Board - Teen Parent	50,720	23,620
Glades County School Board	135,099	101,917
De Soto County School Board		4,316
Sub-Totals	<b>\$ 47,658,555</b>	<b>\$ 46,911,756</b>

Attention is directed to independent auditors' report.

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

	For the	
	Years Ended June 30,	
	2010	2009
	\$	\$
Totals from previous page	47,658,555	46,911,756
Department of Health and Human Services		
<i>Passed through:</i>		
Early Learning Coalition of Florida Heartland	105,043	165,284
Childhood Development Services, Inc.		36,874
Episcopal Children's Services	9,092	15,122
Family Central	131,152	104,926
Early Learning Coalition of Pasco & Hernando Counties	54,185	
Early Learning Coalition of Flagler	740	2,265
Early Learning Coalition of Indian River Martin and Okeechobee County	65,070	74,338
Arbor E&T LLC Polk County Early Learning Coalition	7,221	7,290
Community Coordinated Child Care	400,492	352,152
Early Learning Coalition of the Big Bend Region	5,220	
U.S. Department of Housing and Urban Development		
Community Block Grant		
<i>Passed through:</i>		
Hillsborough County	102,808	129,426
Palm Beach County	29,725	37,003
U.S. Department of Transportation National Traffic Safety Adm		
<i>Passed through Florida Department of Transportation</i>		
Child Safety Seats		5,346
U.S. Department of Education		
<i>Passed through University of South Florida</i>		
Parental Assistance Centers	78,929	99,397
Other Local Agencies		
Children Services Council	34,271	32,760
Manatee Opportunity Council		5,000
University of Miami	15,956	16,000
Indian River County Childrens Service Advisory	24,377	30,000
Community Foundation of Collier		8,500
Youth Haven for Capital Improvements		91,649
Children's Board of Hillsborough	460,971	430,978
Women's Fund	4,000	7,000
Naples Children Education Foundation	283,426	328,065
The Children's Trust	37,825	50,000
Others	76,328	91,411
Subtotal	49,585,386	49,032,522
State of Florida-Agency for Workforce Innovation		
Office of Early Learning		
School Readiness		
ARRA	1,810,073	144,840
Department of Health and Human Services		
Quality Improvement COLA	1,486,438	
Head Start Expansion	150,535	
Early Head Start/Migrant Head Start	793,888	
Early Heud Start Expansion	1,554,195	
	3,985,056	
	<u>\$ 55,380,515</u>	<u>\$ 49,177,362</u>

Attention is directed to independent auditors' report.

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

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

	For the	
	Years Ended June 30,	
	<u>2010</u>	<u>2009</u>
Metropolitan Dade County	<u>\$ 118,000</u>	<u>\$ 118,000</u>

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

United Way - Collier County	\$ 65,000	\$ 65,000
- Indian River County	37,703	51,491
- Miami-Dade County	218,343	261,082
- Palm Beach County	41,540	44,163
- Tampa Bay	136,815	163,159
- Others	9,885	3,048
	<u>\$ 509,286</u>	<u>\$ 587,943</u>

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

Parent donations	<u>\$ 108,803</u>	<u>\$ 96,733</u>
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**Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Board of Directors of  
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, 2010, and have issued our report thereon dated September 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered 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 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 a combination of deficiencies, in internal controls 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 manner.

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

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.

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

We noted certain matters that we reported to management of Redlands Christian Migrant Association, Inc. in a separate letter dated September 20, 2010.

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 and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Ocariz, Gittlin, & Zomerfeld, LLP*  
September 20, 2010



**Independent Auditors' Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Program and State Projects and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the Executive Office of the Governor's State Projects Compliance Supplement**

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

Compliance

We have audited the compliance of Redlands Christian Migrant Association, Inc. (a Not-For-Profit organization) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of Redlands Christian Migrant Association, Inc.'s major federal programs and state projects for the year ended June 30, 2010. Redlands Christian Migrant Association, Inc.'s major federal programs and state projects are identified in the Schedule of Findings and Questioned Costs Summary of Auditors' Results (page 27). Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of Redlands Christian Migrant Association, Inc.'s management. Our responsibility is to express an opinion on Redlands Christian Migrant Association, Inc.'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 Redlands Christian Migrant Association, Inc.'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 Redlands Christian Migrant Association, Inc.'s compliance with those requirements.

In our opinion, Redlands Christian Migrant Association, Inc. 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 and state projects for the year ended June 30, 2010.

Internal Control over Compliance

The management of Redlands Christian Migrant Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit, we considered Redlands Christian Migrant Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program and state projects to determine the 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 and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, 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 Redlands Christian Migrant Association, Inc.'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 and state projects 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 and state project 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 necessarily 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, 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 and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Ocariz, Gittlin, & Zomerfeld, LLP*

September 20, 2010

**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:

<u>Agency</u>	<u>Program</u>	<u>Federal</u>	<u>State</u>
<b>U.S. Department Of Health and Human Services:</b>	Head Start	\$ 7,294,962	
	Early Head Start	3,953,752	
	Migrant Head Start	15,889,561	
	ARRA – Head Start	1,636,973	
	ARRA – Early Head Start / Migrant Head Start	2,348,083	
<i>Passed through State of Florida Agency for Workforce Innovation</i>	ARRA - School Readiness -	1,762,009	
<b>U.S. Department of Agriculture</b> <i>Passed through the Florida Department of Health</i>	Child and Adult Care Food Programs	3,669,981	
<b>State of Florida Agency for Workforce Innovation:</b> <i>Passed through Early Learning Coalition of Southwest Florida</i>	Voluntary Pre-Kindergarten Education Program		\$ 2,834,177
<i>Passed through School Board of Glades County</i>	Voluntary Pre-Kindergarten Education Program		27,336

8. For the June 30, 2010, Single Audit, the threshold used to distinguish between Type A and Type B programs was \$1,500,921 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**

None