

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Financial Statements and Supplementary Information
June 30, 2022

Redlands Christian Migrant Association, Inc.
(A Not-for-Profit Organization)
Table of Contents

Independent Auditor’s Report	1 – 3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 22
Supplementary Information	
Schedule of Expenditures of Federal Awards and State Financial Assistance	23 – 25
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	26
Schedule I – Grants from Federal, State, and Local Agencies	27 – 28
Schedule II – Grants – Counties and Municipalities	
Schedule III – Contributions – United Way	
Schedule IV – Contributions – Other	29
Reporting Section	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30 – 31
Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General	32 – 35
Schedule of Findings and Questioned Costs	36 – 37



Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Redlands Christian Migrant Association, Inc. (RCMA) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Additionally, our audit was conducted with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RCMA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 14 to the financial statements, RCMA is under investigation by the Office of Inspector General (OIG). The OIG investigation is ongoing as of the date of this report and no findings and/or corrective action plan have been reported by the OIG. Therefore, it is too preliminary to estimate any probable outcome. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RCMA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RCMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the RCMA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance (pages 23 – 25) is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General and is not a required part of the financial statements. The accompanying Schedules I, II, III and IV (pages 27 – 29) are presented for purposes of additional analysis and are not a required part of the 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.

Report on Summarized Comparative Information

We have previously audited Redlands Christian Migrant Association, Inc.'s 2021 financial statements, and expressed an unmodified audit opinion on those audited financial statements in the report dated January 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report (pages 30 – 31) dated May 15, 2023, 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 Auditing Standards* in considering RCMA's internal control over financial reporting and compliance. In addition, we have also issued our report (pages 32 – 35) dated May 15, 2023, applicable to each major federal program and state project. Such report should be read in conjunction with the report in considering the results of our audit.

ZOMMA Group, LLP

Coral Gables, Florida
May 15, 2023

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Statements of Financial Position
June 30, 2022
(With summarized comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Combined Totals	
			2022	*2021
Assets				
Current assets				
Cash and cash equivalents	\$ 7,163,310	\$ 903,812	\$ 8,067,122	\$ 5,765,558
Accounts receivable – grants	6,764,558	-	6,764,558	6,563,820
– school boards	734,762	-	734,762	387,738
Investments, at fair value	305,023	-	305,023	384,442
Prepaid expenses and other current assets	963,940	-	963,940	422,965
Total current assets	<u>15,931,593</u>	<u>903,812</u>	<u>16,835,405</u>	<u>13,524,523</u>
Property and equipment, net	10,723,489	12,755,514	23,479,003	20,274,359
Deposits and other assets				
Cash – sinking fund	927,493	-	927,493	935,546
Cash set aside for –				
Future health and workers' compensation insurance claims (Note 6)	4,747,624	-	4,747,624	4,491,402
Building and utility deposits	61,218	-	61,218	60,192
Donated rental property	125,000	-	125,000	125,000
Total assets	<u>\$ 32,516,417</u>	<u>\$ 13,659,326</u>	<u>\$ 46,175,743</u>	<u>\$ 39,411,022</u>
Liabilities and Net Assets				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 4,125,809	\$ -	\$ 4,125,809	\$ 2,391,329
Accrued payroll, vacation, sick leave and other expenses	9,203,297	-	9,203,297	8,610,635
Advances from funding agencies	1,289,367	-	1,289,367	1,149,140
Due to IUNC (Note 11)	183,720	-	183,720	207,152
Current portion of long-term debt	1,393,433	-	1,393,433	444,987
Total current liabilities	<u>16,195,626</u>	<u>-</u>	<u>16,195,626</u>	<u>12,803,243</u>
Long-term debt, less current portion	<u>3,071,512</u>	<u>-</u>	<u>3,071,512</u>	<u>4,461,776</u>
Total liabilities	<u>19,267,138</u>	<u>-</u>	<u>19,267,138</u>	<u>17,265,019</u>
Net assets				
Board designated reserve for future health insurance claims	4,747,624	-	4,747,624	4,491,402
Other net assets	8,501,655	13,659,326	22,160,981	17,654,601
Total net assets	<u>13,249,279</u>	<u>13,659,326</u>	<u>26,908,605</u>	<u>22,146,003</u>
Total liabilities and net assets	<u>\$ 32,516,417</u>	<u>\$ 13,659,326</u>	<u>\$ 46,175,743</u>	<u>\$ 39,411,022</u>

*Certain amounts have been reclassified for comparative purposes

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

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Statements of Activities
For The Year Ended June 30, 2022
(With summarized comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Combined Totals	
			2022	2021
Revenue and contributions				
Grants				
– federal, state and local agencies	\$ 71,294,136	\$ 4,774,357	\$ 76,068,493	\$ 72,670,516
– counties and municipalities	96,636	-	96,636	289,075
– charter schools revenues	5,942,914	-	5,942,914	4,805,210
Other revenue				
Child care fees	616,768	-	616,768	181,272
Rental income	295,296	-	295,296	298,945
Interest, investment and other income	155,718	-	155,718	135,290
Fund raising events	544,381	-	544,381	414,893
Contributions – local	213,764	158,558	372,322	270,154
– Agriculture	15,436	-	15,436	5,100
– United Way	437,245	-	437,245	472,049
– Other	1,063,752	-	1,063,752	189,889
– COVID 19	347,264	-	347,264	509,631
– for Charter Schools	312,498	-	312,498	338,234
Donated space, materials and services	2,919,518	-	2,919,518	2,918,554
Net assets released from restriction	<u>1,436,440</u>	<u>(1,436,440)</u>	<u>-</u>	<u>-</u>
	<u>85,691,766</u>	<u>3,496,475</u>	<u>89,188,241</u>	<u>83,498,812</u>
Functional expenses				
Program services	76,311,837	-	76,311,837	73,058,137
General and administrative	7,526,560	-	7,526,560	7,470,964
Fund raising	487,261	-	487,261	405,095
	<u>84,325,657</u>	<u>-</u>	<u>84,325,657</u>	<u>80,934,196</u>
Excess of revenues and contributions over expenses	1,366,109	3,496,475	4,862,584	2,564,616
Other increases (decreases) in net assets				
Unrealized gain (loss) on marketable securities	(99,982)	-	(99,982)	101,458
Change in net assets	1,266,127	3,496,475	4,762,602	2,666,074
Net assets – beginning of year	11,983,152	10,162,851	22,146,003	19,479,929
Net assets – end of year	<u>\$ 13,249,279</u>	<u>\$ 13,659,326</u>	<u>\$ 26,908,605</u>	<u>\$ 22,146,003</u>

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

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Statements of Functional Expenses
For The Year Ended June 30, 2022
(With summarized comparative totals for 2021)

	Programs					Total	General and Support		Combined Totals	
	Child Care Subsidized	Head Start	Food Service	Other	Charter Schools		Administrative	Fundraising	2022	2021
Personnel costs										
Salaries	\$ 9,418,887	\$ 29,253,752	\$ 1,172,580	\$ 326,543	\$ 5,021,454	\$ 45,193,215	\$ 3,530,205	\$ 191,451	\$ 48,914,871	\$ 46,269,205
Payroll taxes and fringe benefits	2,039,443	7,248,630	306,631	66,337	1,177,740	10,838,782	790,709	40,294	11,669,785	11,087,382
Total personnel costs	11,458,330	36,502,381	1,479,211	392,881	6,199,194	56,031,997	4,320,915	231,745	60,584,656	57,356,587
Contracted services										
Child care services	853,350	585,003	38,400	-	-	1,476,753	-	-	1,476,753	1,285,591
Other	28,007	169,382	-	41,752	70,168	309,309	283,996	127,525	720,831	709,420
Food	-	-	1,562,958	15,014	318,254	1,896,225	13,124	-	1,909,349	1,501,141
Supplies *	349,635	1,507,339	126,622	66,571	308,199	2,358,367	128,346	971	2,487,684	2,367,315
Consumable equipment	130,898	486,329	970	21,524	93,638	733,359	63,415	1,584	798,358	1,490,908
Transportation	93,403	507,438	-	9,267	139,960	750,068	56,080	1,451	807,598	539,216
Out of state travel	990	24,856	-	846	-	26,692	12,186	1,029	39,907	162
Occupancy costs	1,112,248	3,626,918	-	84,995	495,004	5,319,165	453,941	736	5,773,841	5,833,532
Donated space	-	2,887,735	-	-	-	2,887,735	-	-	2,887,735	2,902,809
In state travel	24,712	105,571	700	4,223	10,372	145,579	54,685	-	200,264	96,443
Health services	6,230	103,678	-	-	102,714	212,623	25,718	9,662	248,003	200,589
Interest	-	-	-	-	-	-	106,210	-	106,210	117,435
Conferences and workshops	70,444	514,961	(4,835)	135,330	149,360	865,261	64,590	9,928	939,779	598,838
Direct costs of fundraising events	-	-	-	32,500	-	32,500	32,713	66,376	131,589	82,830
Scholarships	-	-	-	-	-	-	-	-	-	28,000
Other expenses	94,441	376,150	530	21,933	371,497	864,551	535,646	36,254	1,436,451	1,256,497
Professional fees	4,693	167,455	-	-	-	172,148	328,871	-	501,019	1,220,462
Repairs and maintenance	56,120	178,042	50	306	90,162	324,680	43,064	-	367,744	382,567
Depreciation	93,484	1,413,008	-	18,259	84,879	1,609,630	969,012	-	2,578,642	2,597,015
Data processing	80,116	205,948	8,615	516	-	295,195	26,767	-	321,962	366,400
Uncollected child care fees	-	-	-	-	-	-	7,282	-	7,282	439
Totals	\$ 14,457,101	\$ 49,362,195	\$ 3,213,221	\$ 845,916	\$ 8,433,402	\$ 76,311,837	\$ 7,526,560	\$ 487,261	\$ 84,325,657	\$ 80,934,196

* Includes \$31,783 of donated supplies.

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

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Statements of Cash Flows
For The Year Ended June 30, 2022
(With summarized comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Combined Totals	
			2022	*2021
Cash flows from operating activities				
Cash received from grantors and revenues	\$ 80,888,543	\$ 4,932,915	\$ 85,821,458	\$ 81,261,953
Cash paid to suppliers and employees	(77,053,891)	-	(77,053,891)	(74,685,970)
Interest received	39,730	-	39,730	29,230
Interest paid	(106,210)	-	(106,210)	(117,435)
Net cash provided by operating activities	3,768,172	4,932,915	8,701,087	6,487,778
Cash flows from investing activities				
Purchase of property and equipment	(1,009,460)	(4,779,495)	(5,788,955)	(3,567,262)
Proceeds from sale of marketable securities	79,419	-	79,419	(105,315)
Cash set aside in sinking fund	8,053	-	8,053	(5,401)
Net cash used in investing activities	(921,988)	(4,779,495)	(5,701,483)	(3,677,978)
Cash flows used in financing activities				
Principal payments of long-term debt	(441,818)	-	(441,818)	(420,361)
Net increase in cash and cash equivalents	2,404,366	153,420	2,557,786	2,389,439
Cash and cash equivalents – beginning of year	5,765,558	-	5,765,558	3,679,877
Change in cash set aside	(256,222)	-	(256,222)	(303,758)
Cash and cash equivalents – end of year	\$ 7,913,702	\$ 153,420	\$ 8,067,122	\$ 5,765,558
The net change in net assets may be reconciled to net cash provided by operating activities as follows				
Net change in net assets	\$ 1,266,127	\$ 3,496,475	\$ 4,762,602	\$ 2,666,074
Add back or (deduct) items which do not affect cash				
Depreciation	2,578,642	-	2,578,642	2,597,015
Unrealized loss (gain) on marketable securities	94,313	-	94,313	(101,483)
Revenue released from restriction	(1,436,440)	1,436,440	-	-
Add or (deduct) changes in certain assets and liabilities				
Accounts receivable	(547,762)	-	(547,762)	386,057
Prepaid expenses and other	(540,950)	-	(540,950)	432,941
Advances from funding agencies	140,227	-	140,227	324,868
Other assets	(95,339)	-	(95,339)	103,309
Due to IUNC	(17,788)	-	(17,788)	(89,521)
Accounts payable and accrued expenses	2,327,142	-	2,327,142	168,518
Net cash provided by operating activities	\$ 3,768,172	\$ 4,932,915	\$ 8,701,087	\$ 6,487,778

*Certain amounts have been reclassified for comparative purposes

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

Note 1 Organization and Purpose

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, and early childhood education centers for the children of migrant and seasonal farm workers whose families' total income does 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 addition, the Organization serves as the sponsor for three charter schools with the school districts of Hillsborough County Public District School Board and the Collier County Public District School Board. Wimauma Academy and Leadership Academy Schools were consolidated and now operating under the name of RCMA Wimauma Community Academy, and a 10 year charter was renewed to 2030. RCMA's Collier County charter school recently underwent a name change after the renewal of the five-year charter contract with the Collier County Public School Board. The former Immokalee Community School has been rechristened Immokalee Community Academy (ICA) and approved to serve the community as a K-8th grade school.

Note 2 Summary of Significant Accounting Policies

Basis of Financial Statements Presentation and Significant Estimates

The significant accounting policies described below have been identified as those which impact the reader's understanding of the Organization's basis of financial statement presentation and those that require significant estimates and judgment on the part of management.

Reporting Requirements

The accompanying financial statements include the accounts of RCMA and those of the charter schools' programs and have been prepared in accordance with generally accepted accounting principles and reporting practices for this industry. 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.

Note 2 Summary of Significant Accounting Policies (continued)

Reporting Requirements (continued)

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 (see net assets with donor restrictions on the following page).

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

Net Assets Without Donor Restrictions	Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future health insurance claims.
--	---

Net Assets With Donor Restrictions	Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. (See Note 7)
---	---

In this connection, all donor-restricted support will be reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions will be classified as net assets without donor restrictions. Therefore, support that is restricted by the donor will be reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

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 net assets without donor restrictions.

Note 2 Summary of Significant Accounting Policies (continued)

Reporting Requirements (continued)

However, certain transactions in the **type “B” programs** are recorded in the net assets with donor restrictions funds. As previously described above, the line item reimbursement programs are those that fund RCMA on the cost reimbursement basis. The net assets on these programs reflect an excess support and revenue over expenses resulting from the reimbursements for property and equipment, which is, recorded as capital assets less depreciation in accordance with generally accepted accounting principles. The book value of such capital assets is included in the net assets with donor restrictions column with any other restricted contribution received during the year. The depreciation in all type B programs represents a reduction on the net assets with donor restrictions since such depreciation represents the allowed use of the property for that period.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. In addition, the statement of functional expenses includes prior year summarized information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Estimates

In preparing the financial statements of the Organization, management had to make estimates and assumptions that affected 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. Such estimates are based on historical experience and other assumptions that are considered appropriate in the circumstances. However, actual results could differ from those estimates and these differences may be material.

Donated Space, Materials and Services

Donated space and materials are reflected in the accompanying statements at their fair value, using a valuation based on observable quoted prices for similar assets in active markets as established by the hierarchy of fair market value measurements. Donated space absent donor restrictions are recorded as net assets without donor restrictions. 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.

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.

Note 2 Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Fair value measurements establish a hierarchy to prioritize the computation of fair value. Such hierarchy consist of a) - valuations based on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), b) - valuations based on observable unadjusted 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).

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment activity, net, in the statements of activities and changes in net assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 \$5,000 for property and equipment at cost. Donations are reported as net assets without donor restrictions 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 net assets with donor restrictions. The annual depreciation charge on those assets is reflected as net assets released from net assets with donor restrictions. 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.

Note 2 Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

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

Impairment

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, 2022.

Grants Revenue and Revenue Recognition

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

Federal and state contracts and grants are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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 net assets without donor restrictions.

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. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Income taxes for such unrelated business income approximated \$11,000 and \$37,000 in 2022 and 2021, respectively. 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.

Note 2 Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

RCMA follows the provisions of uncertain tax positions addressed by FAS ASC 740-10 *Accounting for Uncertainty in Income Taxes*. RCMA has no uncertain tax positions at June 30, 2022, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense, if applicable. RCMA has determined that no amount is required to be accrued for taxes or related penalties and interest for any tax position taken through June 30, 2022.

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-profit companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization will implement the new changes, if applicable, for the year ended June 30, 2023.

Note 3 Liquidity and Availability

Financials assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 11,910,934	\$ 9,488,274
Accounts receivable – grants	6,764,558	6,563,820
– school boards	734,762	387,738
Investments, at fair value	305,023	384,442
Prepaid expenses and other current assets	963,940	422,965
Less: board designated for specific purposes	(4,747,624)	(4,491,402)
Financial assets available to meet cash needs for general expenditures within one year	\$ 15,931,593	\$ 12,755,837

The board designated funds of \$4,747,624 and \$4,491,402 as of June 30, 2022 and 2021, respectively, is designated for specific purposes as described in Note 8. Although the Organization does not intend to spend from this board designated fund (other than amounts appropriated for expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

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

Note 4 Investments

Investments, carried at fair value based on quoted prices in active markets (all Level 1 measurements), at June 30, 2022 and 2021 consists of the following:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
U.S. equity securities	\$ 59,202	\$ 67,252	\$ 62,398	\$ 69,128
Mutual funds	197,497	237,771	182,604	315,314
Total	<u>\$ 256,699</u>	<u>\$ 305,023</u>	<u>\$ 245,002</u>	<u>\$ 384,442</u>

Note 5 Property and Equipment

Property and equipment comprise the following as of:

	June 30,		Useful Life (Years)
	2022	2021	
Land	\$2,015,749	\$2,015,749	
Construction in progress*	6,527,626	2,381,923	
Building and improvements	36,316,692	36,129,954	8 to 20
Leasehold improvements	14,677,371	13,929,823	3 to 5
Modular classrooms	871,729	871,729	3 to 5
Kitchen equipment	1,259,528	1,318,106	3 to 5
Program equipment	3,713,462	3,890,534	3 to 5
Transportation equipment	5,500,141	5,481,656	3 to 5
Office equipment	846,107	843,812	3 to 5
	<u>71,728,405</u>	<u>66,863,286</u>	
Less accumulated depreciation	48,249,402	46,588,927	
	<u>\$ 23,479,003</u>	<u>\$ 20,274,359</u>	

*includes \$634,233 of capitalized architectural fees including soft-costs related to two early stage HUB projects

Depreciation expense amounted to \$2,578,642 and \$2,597,015 for 2022 and 2021, respectively.

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

Note 6 Long-Term Debt

Long-term debt consists of the following:

	June 30,	
	2022	2021
Bonds payable (1)	\$ 1,325,000	\$ 1,570,000
Line of credit converted to term note (2)	1,673,264	1,715,166
Mortgage payable (3)	436,930	507,288
Variable rate term loan (4)	1,029,751	1,114,309
	4,464,945	4,906,763
Less current portion (inclusive of sinking bonds requirements)	1,393,433	444,987
	\$ 3,071,512	\$ 4,461,776

- (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 payment 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 on page 17 reflects the new sinking fund requirements for the retirement of the bonds payable. RCMA's sinking fund balance at June 30, 2022 is utilized to cover the sinking fund requirements for 2022.

Note 6 Long-Term Debt (continued)

- (1) 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. As of year-end, the Organization is not in compliance with its restrictive covenants. RCMA submitted a waiver request for these restrictive covenants which were accepted.

- (2) In 2015, the Organization obtained a \$1,914,200 line of credit to finance the construction of the Dover Child Development Center. In this connection, upon completion of the construction in 2016, the Organization procured a 30-year term loan from the United States Department of Agriculture-Rural Development, secured by the Organization's real property, to pay-off the existing line of credit. The term loan is due \$6,853 a month at 2.81% interest a year until September 2046.
- (3) In 2017, the Organization borrowed \$810,000 secured by the Organization's real property to finance the construction of the South Highlands Child Development Center. The mortgage is due \$5,912 of principal a month at 4.92% interest a year until August 2028. In any event, on the last day of the Repayment Period, the Organization will repay the remaining principal balance plus any interest then due.
- (4) In 2017, the Organization borrowed \$1,400,000 to acquire the real property located at 440 Academy Drive, Mulberry, Florida. The term loan is due on a monthly incremental principal basis at a LIBOR Daily Floating Rate plus 2.50% interest a year until July 2022. Interest rate at year end amounted to 2.76%. In any event, on the last day of the Repayment Period, the Organization will repay the remaining principal balance plus any interest then due. As of year-end, the Organization is in compliance with its restrictive covenants. Subsequent to year-end, the Organization paid off the loan in full.

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

Note 6 Long-Term Debt (continued)

Maturities on long-term debt, including sinking fund requirements are as follows:

Years Ending June 30,	Sinking Fund Payments	Maturities of Long-term Debt	Total
2024	\$ 278,750	\$ 112,849	\$ 391,599
2025	293,750	112,849	406,599
2026	308,750	112,849	421,599
2027	192,917	112,849	305,766
2028		112,849	112,849
Thereafter		1,433,100	1,433,100
	\$ 1,074,167	\$ 1,997,345	\$ 3,071,512

Note 7 Net Assets with Donor Restrictions

The Organization's net assets with donor restrictions at June 30, 2022 consist of the following:

1. The type "B" programs net assets reflect an excess support and revenue over expenses resulting from the reimbursements for property and equipment, which is, recorded as capital assets less depreciation in accordance with generally accepted accounting principles. The book value of such capital assets is included in the net assets with donor restrictions column with any other restricted contribution received during the year. The depreciation in all type B programs represents a reduction on the net assets with donor restrictions since such depreciation represents the allowed use of the property for that period. As of year ended June 30, 2022, the book value of such capital assets amounted to \$12,755,514.
2. The Organization also received grant awards in which \$469,462 for Charter Schools, \$224,095 for Mulberry Capital Campaign, \$183,720 for Immokalee Unmet Needs Coalition, and \$26,535 for Scholarships are considered restricted and released when donor requirements have been met.

Note 8 Commitments and Contingencies

Commitments

The Organization conducts a portion of its operations from leased facilities under month-to-month operating leases. Rent expense aggregated to \$2,913,094 and \$2,928,168 inclusive of \$2,887,735 and \$2,902,809 of donated space for 2022 and 2021, respectively.

Note 8 Commitments and Contingencies (continued)

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, 2022, which will have a material effect on the financial statements.

In the normal course of business, the Organization may be involved in litigation and/or claims. As a general policy the Organizations defends matters in which the Organization is named as a defendant and, for losses, maintains insurance to protect against adverse judgements and/or claims that may affect the Organization. Although the adequacy of existing insurance coverage or the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability associated with any claims or litigation in which the Organization is currently involved will not materially affect the Organization's financial position or results of operations.

Credit Risk

The Organization's cash balances during the year were in excess of the federal insured limits of \$250,000. At June 30, 2022, the Organization's cash in excess of the federally insured limit approximated \$5,700,000. The Organization has not experienced losses to its cash and cash equivalents and management believe that it is not exposed to significant risks in this regard.

Self-Funded Health Insurance

On June 1, 2013, the Organization entered into an agreement with its existing health insurance carrier to fund all the medical claims of its eligible employees and administrative costs up to a maximum of \$150,000 per claim as defined in the agreement. The agreement provides, among other things, for the carrier to administer the acceptance of members and to process the payment of all acceptable medical claims from eligible participants up to the specified amount. Any claims in excess of the specified ceiling of \$150,000 are covered by a "Stop Loss Provision" under the agreement.

The Organization is now recording the cost of health benefits to its employees based on the carrier's computed estimates of such costs based on the Organization's past experience and a portion of the cost related to the "Stop Loss Provision".

Note 8 Commitments and Contingencies (continued)

Self-Funded Health Insurance (continued)

The period costs are always adjusted for an estimate of the participants' medical claims incurred but not processed as of the end of each fiscal year and actual results. The Organization's cost of health benefits for participants amounted to \$3,987,080 and \$4,339,508 for the years ended June 30, 2022 and 2021, respectively, which has been included in payroll taxes and fringe benefits in the statement of functional expenses. As of June 30, 2022 and 2021 the Organization has included in accrued payroll, vacation and sick leave and other expenses and in cash set aside for future health benefits on the statement of position, a total amount of \$4,617,505 and \$4,373,636, respectively, in order to cover the unpaid claims at the end of the respective years. Such amount has been calculated based on actuarial estimates provided by BKS Partners up to fiscal year 2023, therefore recorded as current.

Self-Funded Workers' Compensation Insurance

In August 2019, the Organization entered into an insurance contract with PMA Companies to protect the Organization against all Workers' Compensation claims. This insurance policy is a retro adjustment policy. The policy premiums are estimated at the start of the policy year based on average incurred losses and payroll. At the end of the policy period, a payroll audit is conducted and the insurance premium is adjusted up or down as compared to the estimated premium. Six months after the policy year ends, the incurred losses are totaled and again the premium is adjusted up or down as compared to the estimated incurred losses in the original policy premium calculation (retro adjustment). The Organization pays the estimated premium and records the expense based on actual payroll activity. Under this plan, the Organization's cost of workers compensation insurance, based on estimated premium, amounted to \$1,019,233 and \$489,331 for the years ended June 30, 2022 and 2021, respectively, which has been included in payroll taxes and fringe benefits in the statement of functional expenses.

As of June 30, 2022 the Organization has included in accrued payroll, vacation and sick leave and other expenses and in cash set aside for future health and workers' compensation insurance claims a total of \$130,119 to reserve for any unpaid workers' compensation claims at the end of the year. Any future retro adjustments will added or deducted from the reserve amount at the end of the policy year to continue paying for premiums.

Note 9 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. In addition, eligible employees may also contribute into a ROTH IRA which RCMA also matches. Pension plan expenses for the years ended June 30, 2022 and 2021 aggregated to \$1,161,733 and \$1,141,303, respectively.

Note 10 Matching Funds Requirement

As further explained in Note 2 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). For the year ended June 30, 2022, the Organization did not meet the match for Head Start – Migrant Head Start and Migrant Early Head Start CCP but overall had excess match. The Organization applied for a waiver from the funding agency and received approval.

RCMA’s satisfaction of the matching requirements in such programs may be viewed as follows:

	Amount
Head Start – Migrant Head Start	\$ 2,438,224
Head Start and Early Head Start	969,161
Migrant Early Head Start CCP	461,075
Early Head Start Expansion	123,635
Early/Migrant Head Start Expansion	64,787
School Readiness	382,316
Child Care Executive Partnership	212,010
Match required	4,651,208
Eligible match submitted	5,184,906
Excess match	\$ 533,698

Note 11 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 year ended June 30, 2022, RCMA revenues derived from state and federal grants approximated to \$76,000,000 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 12 Designated For Endowment Fund

RCMA has been named the beneficiary of endowment funds held by the Community Foundation of Collier County (Collier) and administers funds held by the Community Foundation of Tampa Bay (Tampa) for the benefit of farm worker families' education. Funds from Collier County are to be used in RCMA's operations or programs (net assets without donor restrictions). At June 30, 2022, the balance in such endowment amounted to \$17,118. The amount of funds received from Tampa in fiscal year 2022 but not yet disbursed is included in cash with donor restrictions in the accompanying statement of position. The funds received from the Tampa endowment funds are used by RCMA to provide scholarships to individuals from farm worker backgrounds. Recipients of scholarship funds are selected by an independent committee made up of RCMA's staff and board members. The balance remaining in the Tampa endowment at June 30, 2022 amounted to \$475,712.

Note 13 Other Funding

Hurricane

The Organization entered into an agreement to disburse hurricane funds, as a pass-thru entity, on behalf of another Organization (IUNC). The undisbursed funds of \$183,720 and \$207,152 has been reflected as a Due to IUNC in the statement of position as of June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, \$207,152 and \$536,065 were the total pass-thru funds, respectively.

COVID

RCMA applied and obtained COVID-19 virus funds of \$124,068 through the DEL under their School Readiness contract, \$2,748,999 through the Department of Health and Human Services under their Head Start contracts, and \$306,212 through other smaller funders. This has been included on the statement of activities for the year ended June 30, 2022. The Center intends to use the funds for payroll costs and other qualifying expenses as directed by the funders.

Disaster Assistance

The Organization has been granted approximately \$26 million in federal monies from the Head Start Disaster Assistance program. Such monies will be used for the construction of facilities which include Hopewell and the Immokalee Hub. As of June 30, 2022, the Organization has incurred \$1,795,327 which has been reflected in the schedule of expenditures of federal awards and state financial assistance.

Note 14 Uncertainty

The Organization was informed by the HHS Office of Inspector General (“OIG”) in early August of 2022 that is the subject of an investigation into whether its payment and procurement practices are compliant with the Uniform Guidance, 45 CFR part 75. Compliance with the Uniform Guidance is a requirement of RCMA’s federal grant funding. The payments that may be in question are related to the Head Start Program, one the major programs for the year ended June 30, 2022. As of the date of this report, the OIG investigation is ongoing and no findings and/or corrective action have been reported. Management and legal counsel are of the opinion that it is too preliminary to project an outcome or a financial impact, if any.

Note 15 Subsequent Events

Subsequent events have been evaluated through May 15, 2023 which is the date the financial statements were available to be issued.

Supplementary Information

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

(A Not-For-Profit Organization)

Schedule of Expenditures of Federal Awards and

State Financial Assistance

For the Year Ended June 30, 2022

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	Assistance Listing Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
<u>Federal Major Programs:</u>				
<u>U.S. Department of Health and Human Services (HHS):</u>				
Head Start	93.600	04CH011022-03-00	\$ 9,294,885	
Head Start Supplemental COVID Funds	93.600	04HE000330-01-00	121,850	
Head Start American Rescue Plan	93.600	04HE000330-01-01	743,350	
Early Head Start	93.600	04CH011022-03-00	9,341,130	
Early Head Start Expansion	93.600	04HP000153-03-02	1,757,738	
Early Head Start Child Care Partnership	93.600	90HM0004/04 & 90HM000016-02-00	4,485,867	
Migrant Head Start	93.600	90CM009840-02-00 & 90CM009840-03-06	24,658,647	
Migrant Head Start Cares	93.600	90CM00984001C3	294,518	
Migrant Head Start Supplemental COVID Funds	93.600	90HN000011-01-00	288,180	
Migrant Head Start American Rescue Plan	93.600	90HN000011-01-01	1,244,535	
			<u>52,230,000</u>	
Head Start Disaster Assistance	93.356	90TD000101-01-00	1,795,327	
	93.356/93.600 cluster		Total	<u>54,025,327</u>
<u>State Major Programs:</u>				
<u>Office of Early Learning</u>				
<i>Passed through Early Learning Coalition of Southwest Florida</i>				
Voluntary Pre-Kindergarten Education Program	48.108			\$ 1,433,896
			<u>\$ 54,025,327</u>	<u>\$ 1,433,896</u>

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

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

(A Not-For-Profit Organization)

Schedule of Expenditures of Federal Awards and

State Financial Assistance (Continued)

For the Year Ended June 30, 2022

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	Assistance Listing Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
Total from previous page			\$ 54,025,327	\$ 1,433,896
<u>Non-Major Programs:</u>				
<u>U.S. Department of Health and Human Services (HHS)</u>				
<i>Passed through Division of Early Learning</i>				
School Readiness - Child Care Development Fund (CCDF)-Matching	93.596	SR557	1,519,038	
School Readiness - Child Care Development Fund (CCDF)-Mandatory	93.596	SR557	554,122	
School Readiness - CCDF GR Match	93.596	SR557	736,978	
School Readiness - CCDF GR MOE	93.596	SR557	399,738	
			<u>3,209,875</u>	
School Readiness - Child Care Development Fund (CCDF)-Discretionary	93.575	SR557	5,884,927	
School Readiness - CCDF Discretionary - TANF	93.575	SR557	1,248,190	
School Readiness - CRRSA Discretionary	93.575	SR557	124,068	
School Readiness - ARPA Discretionary - Stabilization	93.575	SR557	105,827	
			<u>7,363,012</u>	
	93.596/93.575 cluster		Total	10,572,887
Temporary Assistance for Needy Families (TANF)	93.558	SR557	1,727,658	
Temporary Assistance for Needy Families (TANF) MOE	93.558	SR557	1,612,338	
			<u>3,339,996</u>	
Preschool Development Grant	93.434	SR557	7,405	
SSBG	93.667	SR557	3,828	
SGU	93.000	SR557	25,733	
<u>U.S. Department of Agriculture</u>				
<i>Passed through the Florida Department of Health</i>				
Child and Adult Care Food Programs	10.558	S-0557	3,108,518	
Child and Adult Care Food Programs - CARES	10.558	S-0557	286,840	
			<u>3,395,358</u>	
<u>Florida Department of Education</u>				
<u>School Board</u>				
<i>Passed through Hendry County</i>				
			6,621	
<i>Passed through Indian River School Board</i>				
			3,605	
<u>U.S. Department of Housing and Urban Development</u>				
<u>Community Block Grant</u>				
<i>Passed through Hillsborough County</i>				
	14.218		54,520	
<i>Passed through Palm Beach County</i>				
	14.218		12,260	
			<u>66,780</u>	
<u>U.S. Department of Education</u>				
<i>Passed through State of Florida Department of Education</i>				
Title I	84.010		414,019	
National School Lunch	10.555		721,442	
School Breakfast Program	10.553		284,798	
Fresh Fruit and Veg. (FFVP)	10.582		30,835	
<i>Passed through Collier and Hillsborough County School Boards</i>				
Capital Outlay			414,840	
			<u>\$ 73,313,474</u>	<u>\$ 1,433,896</u>

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

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

(A Not-For-Profit Organization)

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

For the Year Ended June 30, 2022

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	Assistance Listing Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
Total from previous page			\$ 73,313,474	\$ 1,433,896

Nonmajor Programs: (continued)

Federal Communications Commissions

Passed through Universal Services

Administrative Company - School and Library

E-Rate

47,016

Health Resources & Services Administration

Passed through Alianza Americas

HRSA

234,851

Other Assistance:

Department of Health and Human Services

Passed through

Early Learning Coalition of Florida Heartland

28,204

Early Learning Coalition of Pasco & Hernando Counties

48,266

Early Learning Coalition of Indian River Martin and Okeechobee County

26,504

Early Learning Coalition of Southwest Florida

979

Early Learning Coalition of Marion County

4,297

Early Learning Coalition of Miami Dade

8,515

Early Learning Coalition of Palm Beach County

40,826

	\$ 73,752,932	\$ 1,433,896
--	---------------	--------------

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

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal and state award programs of Redlands Christian Migrant Association, Inc. (the Organization) for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, 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 the Florida Statutes. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of RCMA.

Note 2 Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, the amount of expenditures presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 3 Contingencies

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the Organization does not believe that such disallowances, if any, would have a material effect on the financial position of the Organization. As of June 30, 2022, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

Note 4 Subrecipients

The Organization records expenditures of federal programs and state projects when paid in cash to a pass-through entity. For the year ended June 30, 2022, the Organization did not pass-through any funds to subrecipients as reflected in the Schedule.

Note 5 Indirect Cost

The Schedule includes a portion of allocated costs from a federally approved indirect cost plan. The rate approved for RCMA for the year ended June 30, 2022 is 15% of salaries. The rate is considered a provisional rate which is used when a final, predetermined or fixed rate has not been established for a guarantee. Although the approved rate for RCMA is 15%, not all grants pay this percentage. Grants not using the predetermined rate did not elect to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Schedule I – Grants from Federal, State, and Local Agencies
For The Years Ended June 30, 2022 and 2021

	June 30,	
	2022	2021
State of Florida		
Division of Early Learning		
School Readiness		
At-risk Low Income Children	\$ 13,347,039	\$ 12,722,670
Caring for Kids	120,398	138,124
Inclusion	66,069	63,724
SR Match	186,448	257,037
CARES Phase V	111,000	120,000
CARES Phase VI	13,068	-
CARES ARPA	105,827	-
<i>Passed through Early Learning Coalition of Southwest Florida</i>		
Voluntary Pre – Kindergarten Education Program	1,445,988	1,353,216
U.S. Department of Education		
Title I	493,103	635,206
National School Lunch	106,361	629,027
Fruit / vegetable	30,835	30,355
E-Rate	47,016	115,063
<i>Passed through Hillsborough/Collier School Boards</i>		
Capital Outlay	414,840	689,774
Hillsborough Cares	-	260,000
State of Florida – Department of Health, Food and Nutrition Management		
Food program	3,108,518	2,604,756
Food program - CARES	286,840	-
Department of Health and Human Services		
Head Start	9,294,185	9,211,682
Head Start Disaster Assistance	1,795,327	3,943,284
Head Start Cares	-	317,530
Head Start Supplemental COVID Funds	121,850	14,935
Head Start America Rescue Plan	743,350	128,282
Early Head Start	11,098,868	11,105,022
Early Head Start Child Care Partnership	4,485,867	4,251,678
Migrant Head Start	24,674,577	21,718,110
Migrant Head Start Cares	294,518	176,663
Migrant Head Start Supplemental COVID Funds	288,180	7,500
Migrant Head Start America Rescue Plan	1,244,535	272,423
Subtotals	73,924,608	70,766,060

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Schedule I – Grants from Federal, State, and Local Agencies
For The Years Ended June 30, 2022 and 2021

	June 30,	
	2022	2021
Subtotals from previous page	73,924,608	70,766,060
Department of Treasury		
<i>Passed through Collier County</i>		
Collier Cares	-	383,546
Local School Boards		
Hendry County – Early Childhood Teen Parent	6,617	-
Highlands County School Board – Teen Parent	-	1,450
Indian River School Board – Teen Parent	3,605	350
Department of Health and Human Services		
<i>Passed through</i>		
Early Learning Coalition of Florida Heartland	28,204	19,487
Early Learning Coalition of Pasco & Hernando Counties	48,266	66,255
Early Learning Coalition of Indian River Martin and Okeechobee County	26,504	76,379
Early Learning of Marion County	4,297	2,353
Early Learning Coalition of Palm Beach County	40,826	72,152
Early Learning Coalition of Miami	8,515	-
Early Learning Coalition of Southwest Florida	979	2,096
U.S. Department of Housing and Urban Development		
Community Block Grant		
<i>Passed through</i>		
Hillsborough County	54,520	54,520
Palm Beach County	12,260	14,482
Department of Health Resources & Services Administration		
<i>Passed through Alianza Americas</i>	234,851	-
Other Local Agencies		
Children Services Council	188,888	183,612
Indian River County Childrens Service Advisory	120,633	117,790
Naples Children Education Foundation	383,115	442,930
The Children's Trust	127,500	102,000
Allegany Franciscan Ministries	150,000	-
Others	704,305	365,055
	<u>\$ 76,068,493</u>	<u>\$ 72,670,516</u>

Redlands Christian Migrant Association, Inc.
(A Not-For-Profit Organization)
Schedule II – Grants – Counties and Municipalities
Schedule III – Contributions – United Way
Schedule IV – Contributions – Other
For The Years Ended June 30, 2022 and 2021

	June 30,	
	2022	2021
Schedule II		
Grants – Counties and Municipalities		
Metropolitan Dade County	\$ 96,636	\$ 113,485
Collier County Assistance Program	-	175,590
	\$ 96,636	\$ 289,075
 Schedule III		
Contributions – United Way		
United Way		
– Collier County	\$ 40,625	\$ 46,875
– Indian River County	25,000	23,472
– Lee, Hendry and Glades	19,000	17,644
– Miami-Dade County	165,901	148,138
– Suncoast	167,948	181,747
– Central Florida	18,771	49,429
– Others	-	4,744
	\$ 437,245	\$ 472,049
 Schedule IV		
Contributions – Others		
Center donations**	\$ 52,057	\$ 61,659

**Donations are included in other contributions in the accompanying statement of activities

Reporting Section



Independent Auditor’s 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, 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, the financial statements of Redlands Christian Migrant Association, Inc. (RCMA) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RCMA’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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 control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether RCMA’s financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ZOMMA Group, LLP

Coral Gables, Florida
May 15, 2023



Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the Redlands Christian Migrant Association, Inc.’s (RCMA) (a not-for-profit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services’ State Projects Compliance Supplement, that could have a direct and material effect on each of RCMA’s major federal programs and state projects for the year ended June 30, 2022. RCMA’s major federal programs and state projects are identified in the summary of auditor’s result section of the accompanying schedule of findings and questioned costs.

In our opinion, RCMA complied, in all material respects, with the types of 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, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with generally accepted auditing standards and, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, our audit was conducted with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of RCMA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of RCMA’s compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to RCMA's federal programs and state project.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RCMA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, our audit was conducted with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RCMA's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards and, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, our audit was conducted with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RCMA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of RCMA’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of RCMA’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or state project 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 or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



Report on Schedule of Expenditures of Federal Awards and State Projects Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General

We have audited the financial statements of Redlands Christian Migrant Association, Inc. as of and for the year ended June 30, 2022, and have issued our report thereon dated May 15, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance (pages 23-25) is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General and is not a required part of the 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 schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

ZOMMA Group, LLP

Coral Gables, FL
May 15, 2023

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

1. The auditor's report expresses an unmodified 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 auditor's report on compliance with the major federal award program and state project for RCMA expresses an unmodified 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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.356 / 93.600	Head Start Programs
Assistance Listing Number(s)	Name of State Project
48.108	Voluntary Pre-Kindergarten Education Program

8. For the June 30, 2022, Single Audit, the threshold used to distinguish between Type A and Type B programs was \$2,212,588 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.
11. No exceptions were found in testing RCMA's monthly reconciliation of its financial records to the state wide school readiness data and reporting system. Monthly reconciliations were performed by RCMA in a timely and satisfactory manner.

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

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