

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2023
(With Summarized Comparative Information
for the Year Ended June 30, 2022)

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying statements of financial position of Redlands Christian Migrant Association, Inc. ("RCMA") as of June 30, 2023, 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 in the first paragraph present fairly, in all material respects, the financial position of RCMA as of June 30, 2023, and the results of their activities and their 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. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

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

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 opinion. 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 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, including omissions, 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, 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 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 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.

Prior Period Financial Statements

The financial statements as of and for the year ended June 30, 2022, were audited by other auditors whose report dated May 15, 2023, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 2022, is consistent, in all material respects with the audited financial statements from which it has been derived.

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

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 is presented for purposes of additional analysis, as required by Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. The accompanying supplemental information shown on pages 24 through 27, Schedules I – IV, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplemental 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, 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 solely 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 effectiveness of RCMA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RCMA's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2024

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 (With Summarized Comparative Totals For 2022)

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,921,730	\$ 8,067,122
Accounts receivable		
Grants	6,303,566	6,764,558
School boards	1,246,145	734,762
Investments	407,079	305,023
Prepaid expenses and other current assets	974,406	963,940
TOTAL CURRENT ASSETS	16,852,926	16,835,405
Property and equipment, net	28,641,376	23,479,003
Assets whose use is limited	6,782,733	5,675,117
Utility and other deposits	63,818	61,218
Beneficial interest in trusts	511,235	-
Other assets	-	125,000
TOTAL ASSETS	\$ 52,852,088	\$ 46,175,743

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,534,874	\$ 4,125,809
Accrued payroll, vacation, sick leave and other expenses	9,707,120	9,203,297
Advances from funding agencies	1,592,390	1,473,087
Current portion of long term debt	389,200	1,393,433
TOTAL CURRENT LIABILITES	15,223,584	16,195,626
Long-term debt, less current portion	2,678,734	3,071,512
TOTAL LIABILITIES	17,902,318	19,267,138
NET ASSETS		
With donor restrictions	18,516,016	13,659,326
Without donor restrictions	16,433,754	13,249,279
TOTAL NET ASSETS	34,949,770	26,908,605
TOTAL LIABILITIES AND NET ASSETS	\$ 52,852,088	\$ 46,175,743

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

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2023 (With Summarized Comparative Totals For 2022)

	2023	2022
REVENUE AND SUPPORT		
Grant		
Federal, state, and local agencies	\$ 80,634,054	\$ 71,382,171
Counties and municipalities	122,934	96,636
Charter schools revenues	7,057,993	5,942,914
Other revenue		
Child care fees	471,243	616,768
Rental Income	324,905	295,296
Investment return, net	386,738	55,736
Fund raising events	468,520	544,381
Contributions		
Local	523,824	213,764
Agriculture	3,890	15,436
United Way	439,581	437,245
Other	1,387,974	975,717
COVID 19	59,875	347,264
For Charter Schools	212,434	312,498
Donated space, materials and services	4,115,844	2,919,518
Net assets released from restriction	1,611,716	1,436,440
TOTAL REVENUE AND SUPPORT	97,821,525	85,591,784
EXPENSES		
Program	88,052,453	76,311,836
Management and general expenses	6,194,350	7,526,560
Fundraising	390,247	487,261
TOTAL EXPENSES	94,637,050	84,325,657
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	3,184,475	1,266,127
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Federal, state and local agencies	4,054,962	4,774,357
Contributions	2,413,444	158,558
Net assets released from restriction	(1,611,716)	(1,436,440)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	4,856,690	3,496,475
CHANGE IN NET ASSETS	8,041,165	4,762,602
NET ASSETS - BEGINNING OF YEAR	26,908,605	22,146,003
NET ASSETS - END OF YEAR	\$ 34,949,770	\$ 26,908,605

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

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023 (With Summarized Comparative Totals For 2022)

	Program Services						Support Services		2023	2022
	Child Care Subsidized	Head Start	Food Services	Other	Charter Schools	Total	Management and General	Fundraising		
Salaries	\$ 10,463,495	\$ 31,502,412	\$ 1,326,558	\$ 1,694,907	\$ 6,045,024	\$ 51,032,396	3,848,081	175,744	\$ 55,056,221	\$ 48,914,872
Payroll taxes and fridge benefits	1,966,010	6,506,149	297,494	253,202	1,275,638	10,298,493	750,088	36,326	11,084,907	11,669,784
TOTAL SALARIES AND RELATED EXPENSES	12,429,505	38,008,561	1,624,052	1,948,109	7,320,662	61,330,889	4,598,169	212,070	66,141,128	60,584,656
Occupancy costs	1,308,535	3,867,364	-	606,478	883,314	6,665,691	188,229	838	6,854,758	5,773,842
Professional and other contracted services	9,082	207,817	46,673	2,320,596	81,531	2,665,699	403,858	-	3,069,557	1,221,849
Supplies	445,554	1,603,596	108,412	78,144	677,318	2,913,024	76,447	7,067	2,996,538	2,487,684
Food	-	-	2,864,986	-	-	2,864,986	-	-	2,864,986	1,909,350
Depreciation	108,183	1,401,461	-	1,026,244	132,982	2,668,870	-	-	2,668,870	2,578,642
Donated space	-	2,432,844	-	-	-	2,432,844	-	-	2,432,844	2,887,735
Other expenses	1,001,708	93,148	-	-	343,821	1,438,677	336,058	47,954	1,822,689	1,436,451
Contracted child care services	604,997	581,117	-	-	-	1,186,114	-	-	1,186,114	1,476,753
Conferences and workshops	266,437	536,829	-	194,064	21,400	1,018,730	88,789	9,843	1,117,362	939,778
Consumable equipment	132,597	644,726	698	23,067	131,815	932,903	75,729	-	1,008,632	798,358
Transportation	87,300	519,049	-	46,182	108,799	761,330	66,899	2,696	830,925	807,599
Repairs and maintenance	57,072	186,594	-	1,148	71,973	316,787	48,084	-	364,871	367,744
Data processing	74,483	94,483	8,869	-	141,538	319,373	13,333	-	332,706	321,962
In state travel	33,406	130,046	-	8,577	19,579	191,608	74,603	9,109	275,320	200,264
Health services	4,189	77,537	-	29,078	111,638	222,442	-	-	222,442	248,002
Interest	-	-	-	-	-	-	196,596	-	196,596	106,210
Fundraising	-	-	-	-	-	-	-	97,792	97,792	131,589
Out of state travel	6,284	40,603	2,435	380	7,871	57,573	27,556	2,878	88,007	39,907
Scholarships	-	-	-	-	61,500	61,500	-	-	61,500	-
Uncollected child care fees	3,413	-	-	-	-	3,413	-	-	3,413	7,282
TOTAL EXPENSES	\$ 16,572,745	\$ 50,425,775	\$ 4,656,125	\$ 6,282,067	\$ 10,115,741	\$ 88,052,453	\$ 6,194,350	\$ 390,247	\$ 94,637,050	\$ 84,325,657

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

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS *(Continued)*

Year Ended June 30, 2023 (With Summarized Comparative Totals For 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grantors and revenues	\$ 91,776,139	\$ 85,821,458
Cash paid to employees and suppliers	(81,678,798)	(77,053,891)
Interest received	94,632	39,730
Interest paid	(196,596)	(106,210)
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,995,377	8,701,087
CASH FLOW FROM INVESTING ACTIVITIES		
Net change in assets whose use is limited and investments	(1,023,513)	(168,750)
Proceeds on sale of property, equipment, and other assets	110,998	-
Purchase of property and equipment	(7,831,243)	(5,788,955)
NET CASH USED IN INVESTING ACTIVITIES	(8,743,758)	(5,957,705)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(1,397,011)	(441,818)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(145,392)	2,301,564
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	8,067,122	5,765,558
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 7,921,730	\$ 8,067,122
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 8,041,165	\$ 4,762,602
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,668,870	2,578,642
Unrealized (gain) loss on investments	(186,159)	94,313
Loss on disposal of property and equipment and other assets	14,002	-
Change in operating assets and liabilities		
Accounts receivable	(50,391)	(547,762)
Prepaid expenses and other	(10,466)	(540,950)
Other assets	(2,600)	(95,339)
Beneficial interest in trusts	(511,235)	-
Advances from funding agencies	119,303	122,439
Accounts payable and accrued expenses	(87,112)	2,327,142
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 9,995,377	\$ 8,701,087

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

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 1 - NATURE OF RCMA

Redlands Christian Migrant Association, Inc. (“RCMA”) was incorporated as a not-for-profit RCMA under the laws of the State of Florida in 1965. RCMA’s purpose is to administer childcare, and early childhood education centers for the children of migrant and seasonal farm workers whose families’ total income meets the eligibility criteria as defined by the various funding agencies. RCMA achieves its purpose through a variety of programs funded substantially by federal and state grants and individual contributions (see Note 10). At June 30, 2023, RCMA’s service area spans 20 Florida counties concentrated in rural areas.

In addition, RCMA operates two charter schools that provide Kindergarten through Grade Eight education (collectively, the “Charter Schools”) which operate within the Florida counties of Collier and Hillsborough. The Immokalee Community Academy (“ICA”) has a five-year agreement that currently extends through 2027 with the Collier County Public District School Board. The Wimauma Academy and Leadership Academy Schools, operate collectively as RCMA Wimauma Community Academy (“WCA”), have a ten-year charter that currently extends through 2030 with the Hillsborough County Public District School Board.

NOTE 2 - Summary of Significant Accounting Policies and Practices

Basis of Accounting

The accompanying financial statements include the accounts of RCMA, including the Charter Schools programs, and have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

Net Assets

Net assets are presented based on the existence or absence of donor-imposed restrictions. In these financial statements, net assets are reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(Continued)

Net Assets (Continued)

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of RCMA or by the passage of time, or endowments which neither expire by the passage of time nor fulfilled or removed by actions of RCMA. 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. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of net assets without donor restrictions.

Fund Reporting and Program Activities

RCMA has certain funds as described below that are recognized as a component of net assets with donor restrictions. Additional information regarding net assets with donor restrictions that provide information regarding the limitations and restrictions placed on the use of its resources (see Note 8).

General

The general fund is used to reflect RCMA's activities that are not directly related to its primary programs. General fund activity is reported as a component of net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.

Type "A" Programs

Type "A" programs are those with a negotiated rate where the excess of support and revenue over expenses inure to the benefit of RCMA while the excess of expenses over support and revenue become liabilities.

Federal, state, and local grants are considered exchange transactions and are recorded as revenue when earned. 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.

Programs 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(Continued)

Fund Reporting *(Continued)*

Programs Type “B” *(Continued)*

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. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with RCMA’s financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2022 summarized financial statements have been reclassified to conform to the 2023 presentation. Such reclassifications had no effect on the previously reported changes in net assets.

Cash and Cash Equivalents

RCMA considers all highly liquid investments with a maturity of three months or less when purchased, except those classified as investments and assets whose use is limited, to be cash equivalents. RCMA does not include cash and cash equivalent investments, including assets whose use is limited and board designated cash and investments, as cash or restricted cash when preparing its statement of cash flows. Cash and cash equivalents held within the beneficial interest in trusts accounts are classified as part of those asset categories in the combined statements of financial position.

Accounts Receivable

Accounts receivable are recognized at the net amount that management expects to be collected based on established collection history and primarily represent amounts for services provided and reimbursable expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(Continued)

Investments and Assets Whose Use is Limited

RCMA's investments, including assets whose use is limited, are reported at fair value (see Note 4). Fair value is determined using the quoted closing or latest bid prices.

Interest, dividends, unrealized and realized gains and losses of equity securities are recorded net of investment fees and are included in investment return, net. Realized gains and losses are calculated based on proceeds received less cost. The cost of securities sold is based on the specific-identification method.

Property and Equipment

Property and equipment are recorded at cost when purchased or constructed, or at market value when donated. RCMA 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.

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

Building and improvements	8 to 20 years
Other depreciable property and equipment	3 to 5 years

Beneficial Interest in Trust

Beneficial interest in trusts represent agreements in which RCMA has been named the beneficiary of an irrevocable trust, unitrust, or similar arrangement (see Note 8). The assets are administered by third-party investment managers and distributions are made to RCMA under the terms of the agreement. RCMA records its interest at the estimated fair value. Subsequent adjustments to estimated fair value are reported as a change in value of beneficial interest in trusts in the statements of activities.

Impairments

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, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(Continued)

Revenue Recognition

RCMA receives substantially all of its grant revenue from federal, state, and local agencies. Grant revenue is recognized up to the maximum amount provided in RCMA's contracts, to the extent the performance obligations are satisfied or conditions on grants classified as nonreciprocal are met.

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. Audits of these grants may result in disallowed costs, which may result in a liability to the RCMA. In the opinion of management, disallowed costs, if any, would not be material to the financial statements.

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.

Donated Space, Materials and Services

Donated space (see Note 10) and materials are reflected at their fair value, using a valuation based on observable quoted prices for similar assets in active markets. Donated materials were approximately \$1,683,000 for the year ended June 30, 2023.

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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated. Salaries are allocated based on actual time spent and other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(Continued)

Income Taxes

RCMA is organized as a not-for-profit RCMA and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. RCMA is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty.

Use of Estimates

The preparation of financial statements in conformity GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

RCMA has evaluated subsequent events through March 29, 2024, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY ANALYSIS

The table below represents financial assets available to meet cash needs for general expenditures within one year at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 7,921,730	\$ 8,067,122
Accounts Receivable – Grants	6,303,566	6,764,558
Accounts Receivable – School Boards	1,246,145	734,762
Investments	407,079	305,023
	<u>\$ 15,878,520</u>	<u>\$ 15,871,465</u>

As part of a cash and liquidity management policy, RCMA structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value measurements are based on a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 Significant, unobservable inputs for the asset or liability in which little or no market data exists.

The following is a description of the valuation methodologies used for instruments measured at fair value. If available, quoted market prices are used to value investments. U.S. Government obligations, corporate bonds, and securities are valued at the closing price reported on the major market on which the individual securities are traded. The interest rate swap agreement is valued using an income approach and is based on the present value of estimated cash flows. Mutual funds are valued using a market approach at the net asset value ("NAV") of shares held by RCMA at year end. The NAV is based on the value of the underlying assets owned by the mutual fund, minus its liabilities, and then divided by the number of shares outstanding. Beneficial interest in trusts approximates fair value by recording RCMA's relative share of assets that are held by the custodian and valued using quoted market prices of underlying assets.

The tables below present RCMA's financial instruments within the fair value hierarchy at June 30, 2023 and 2022.

	June 30, 2023			
	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Assets				
Investments				
Domestic corporate stocks	\$ 93,219	\$ -	\$ -	\$ 93,219
Mutual funds:				
Domestic equities	290,629	-	-	290,629
Cash and cash equivalents	23,231	-	-	23,231
	<u>\$ 407,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,079</u>
Assets Whose Use is Limited				
Cash and cash equivalents	\$ 2,658,910	\$ -	\$ -	\$ 2,658,910
U.S. Government obligations	-	4,123,823	-	4,123,823
	<u>\$ 2,658,910</u>	<u>\$ 4,123,823</u>	<u>\$ -</u>	<u>\$ 6,782,733</u>
Beneficial interest in Trusts	\$ -	\$ -	\$ 511,235	\$ 511,235

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2022			
	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Investments				
Domestic corporate stocks	\$ 67,252	\$ -	\$ -	\$ 67,252
Mutual funds:				
Domestic equities	235,868	-	-	235,868
Cash and cash equivalents	1,903	-	-	1,903
	<u>\$ 305,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,023</u>
Assets Whose Use is Limited				
Cash and cash equivalents	\$ 5,675,117	\$ -	\$ -	\$ 5,675,117
	<u>\$ 5,675,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,675,117</u>

NOTE 5 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Investments consist of the following at June 30, 2023 and 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Domestic corporate stocks	\$ 1,387	\$ 93,219	\$ 59,202	\$ 67,252
Mutual funds	208,448	290,629	-	-
Cash and cash equivalents	23,231	23,231	197,497	237,771
	<u>\$ 233,066</u>	<u>\$ 407,079</u>	<u>\$ 256,699</u>	<u>\$ 305,023</u>

Assets whose use is limited by provisions of trust indentures and other contractual obligations are summarized as follows at June 30, 2023 and 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 2,658,910	\$ 2,658,910	\$ 5,675,117	\$ 5,675,117
U.S. Government obligations	4,063,353	4,123,823	-	-
	<u>\$ 6,722,263</u>	<u>\$ 6,782,733</u>	<u>\$ 5,675,117</u>	<u>\$ 5,675,117</u>

The components of assets whose use is limited at June 30, 2023 and 2022, are as follows:

Fund	Purpose	2023	2022
Amounts Held by the Series 2021 Bonds' Trustee			
Sinking Fund	To pay principal due on the Series 2021 Bonds (see Note 7).	\$ 1,145,323	\$ 927,493
Amounts Held Under Grant Provisions			
Reserve for Self-Insurance	To fund future self-insurance claims for health and worker's compensation (see Note 10).	<u>5,637,410</u>	<u>4,747,624</u>
		<u>\$ 6,782,733</u>	<u>\$ 5,675,117</u>

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,015,749	\$ 2,015,749
Buildings and building improvements	36,761,553	36,316,692
Modular classrooms	871,729	871,729
Kitchen equipment	1,369,881	1,259,528
Program equipment	3,976,266	3,713,462
Transportation equipment	5,509,337	5,500,141
Office equipment	970,109	846,107
Leasehold improvement	15,915,218	14,677,371
Construction in progress	12,012,644	6,527,626
	<u>79,402,486</u>	<u>71,728,405</u>
Less: accumulated depreciation	<u>(50,761,110)</u>	<u>(48,249,402)</u>
Total property and equipment, net	<u>\$ 28,641,376</u>	<u>\$ 23,479,003</u>

Depreciation of property and equipment for the years ended June 30, 2023 and 2022, was approximately \$2,669,000 and 2,579,000, respectively.

RCMA has recorded approximately \$12,013,000 in construction in progress at June 30, 2023 primarily consisting of renovations to its corporate headquarters and construction of a new school building and childcare center. Estimated costs to complete these projects were approximately \$32,600,000 which has been approved for funding by the Office of Head Start.

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Collier County Industrial Development Authority Variable Rate Demand Bonds Series 2001 (the "Series 2001 Bonds"), interest at a weekly market rate (4.04% and 0.97% at June 30, 2023 and 2022, respectively). Monthly principal and interest due through maturity in December 2026.	\$ 1,070,000	\$ 1,325,000
Term loan due to United States Department of Agriculture-Rural Development (the "Term Loan"), with monthly principal and interest at 2.81% through maturity in September 2046.	1,631,362	1,673,264
Mortgage note payable due to a financial institution (the "Mortgage Loan"), with monthly principal and interest at 4.92% through maturity in August 2028.	366,572	436,930
Term loan due to a financial institution with monthly principal and interest at a variable rate (2.76% at June 30, 2022). This loan was repaid in full during 2023.	-	1,029,751
	<u>3,067,934</u>	<u>4,464,945</u>
Less current portion	<u>(389,200)</u>	<u>(1,393,433)</u>
Non-current portion	<u>\$ 2,678,734</u>	<u>\$ 3,071,512</u>

NOTE 7 - LONG-TERM DEBT (Continued)

On December 10, 2001, RCMA issued the Series 2021 Bonds in the amount \$4,400,000 through the Collier County Industrial Development Authority (the “Authority”) to construct an educational and social services center (the “Services Center”) in Immokalee, Florida. As part of the issuance, an irrevocable direct payment letter of credit was issued by a financial institution (the “Institution”) in the original amount of \$4,450,630 for the benefit of a trustee appointed by the Authority (the “Trustee”). The Trustee is responsible for, among other things, the oversight of the collection of amounts due from RCMA in connection with the Series 2021 Bonds. RCMA pays the Institution an annual rate of 0.5% of the amount available under the letter of credit agreement which had an availability of approximately \$1,082,000 at June 30, 2023.

Additionally, as part of this agreement required the establishment of a sinking fund to cover the payment of the principal due on the bonds. The remaining scheduled principal payments, including payments in the sinking fund, have been updated to reflect a modified accelerated payment schedule as approved by the Trustee.

RCMA retains the option to convert its variable interest rate to a fixed interest rate as prescribed in the underlying loan agreement to the Bonds.

The terms of the Series 2021 Bonds and associated agreements require RCMA meet a financial ratio and limit RCMA’s additional borrowings to \$300,000 without the Institution’s previous written consent. The Series 2021 Bonds are collateralized by both a security interest in the Services Center and on the sinking fund held by the Trustee.

The Term Loan was utilized to finance the construction of the Dover Child Development Center which serves as collateral on the amount due.

The Mortgage Loan was utilized to finance the construction of the South Highlands Child Development Center which serves as collateral on the amount due.

The approximate remaining principal payments due as of June 30, 2023 are as follows:

Years Ending June 30,	Series 2021 Bonds / Sinking Fund	Other Long- Term Debt Obligations
2024	\$ 270,000	\$ 119,000
2025	294,000	124,000
2026	309,000	129,000
2027	197,000	134,000
2028	-	105,000
Thereafter	-	1,387,000
	\$ 1,070,000	\$ 1,998,000

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following funds at June 30, 2023 and 2022:

Net Assets with Donor Restrictions Temporary in Nature	2023	2022
Type “B” program – property and equipment, net	\$ 16,423,060	\$ 12,755,514
Migrant Seasonal Workers Relief Benefits	545,607	-
Tampa Funds (see Note 9)	491,868	-
Mulberry Capital Campaign	304,097	224,095
Immokalee Charter School Capital Campaign	252,075	-
Immokalee Unmet Needs Coalition (“IUNC”)	216,846	183,720
Family Support Workers	143,062	-
Health Staffing Positions	48,105	-
Shade Structures	45,626	-
Mentor / Teacher Positions	20,344	-
Community Foundation	12,202	17,118
School Readiness Local Match	13,124	-
Charter Schools and scholarships	-	478,879
Total	<u>\$ 18,516,016</u>	<u>\$ 13,659,326</u>

The condensed composition of RCMA’s net assets with donor restrictions, including its type “B” programs, approximated the following:

	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 1,601,000	\$ 903,000
Beneficial interest in trusts	492,000	-
Property and equipment, net	16,423,000	12,756,000
Net assets with donor restrictions	<u>\$ 18,516,000</u>	<u>\$ 13,659,000</u>
	For Year Ended	
	June 30, 2023	June 30, 2022
Federal, state, and local grants	\$ 4,055,000	\$ 4,774,000
Other contributions with donor restrictions	2,413,000	159,000
Net assets released from donor restriction	(1,612,000)	(1,437,000)
Change in net assets with donor restrictions	<u>\$ 4,856,000</u>	<u>\$ 3,496,000</u>
Net cash received from grantors and contributions	\$ 5,767,000	\$ 4,933,000
Purchases of property and equipment	(5,069,000)	(4,779,000)
Net change in cash and cash equivalents	<u>\$ 698,000</u>	<u>\$ 154,000</u>

Donations received for construction are classified as net assets with donor restrictions until the associated project is completed and placed into service.

NOTE 9 - ENDOWMENTS

RCMA is required to provide information about net assets, which are defined as endowments, which consist of donor-restricted funds that have been limited by the donors to be held for a specified time period or which have been board-designated for such purpose.

RCMA has been named the beneficiary of an endowment fund which is held by the Community Foundation of Collier County (“Collier Funds”). The earnings from the Collier Funds are to be used to supplement RCMA’s operations or programs as net assets without donor restriction.

RCMA also administers funds which are held by the Community Foundation of Tampa Bay (“Tampa Funds”) for the benefit of farm worker families’ education. The Tampa 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.

Investment of the endowments are managed by the respective community foundations subject to their policy objectives and rewards to preserve and grow the corpus.

The following table approximates the composition of the endowments, which are included in beneficial interest in trusts, at June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, June 30, 2023	<u>\$ 19,000</u>	<u>\$ 492,000</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Concentrations and Government Support

The demand for childcare services in rural Florida and the continuous number of eligible children on waiting lists is indicative of a strong base in the business of childcare centers. For the year ended June 30, 2023 and 2022, approximately 90% and 86%, respectively, of RCMA’s total revenue and support were paid by federal and state grants.

Governmental funding for programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions. A reduction in the level of future support from the federal, state or local governmental agencies could have a substantial effect on RCMA’s programs and activities.

NOTE 10 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Credit Risk

Financial instruments which potentially subject RCMA to concentrations of credit risk principally consist of cash and cash equivalents in financial institutions in excess of Federal Deposit Insurance Corporation limits, investments (including assets whose use is limited) and accounts receivable. RCMA does not believe that it is exposed to significant credit risk on cash and cash equivalents. Concentrations of credit risk with respect to accounts receivable is somewhat mitigated by the taxing authority of the government entities and the number of government entities and local agencies who provide funding to RCMA.

Leases

On January 1, 2022, RCMA adopted Accounting Standards Update 2016-02, *Leases* (“ASC 842”) that requires all non-cancellable leases greater than 12 months to be recognized on the statement of financial position. RCMA utilized the modified retrospective approach to record the leased assets and liabilities as of July 1, 2022. There was no impact on previously reported net assets as a result of this adoption. RCMA did not have any such leases through June 30, 2023.

RCMA conducts a portion of its operations from leased facilities under month-to-month operating leases and through donated leased space. Rent expense aggregated to approximately \$2,482,000 and \$2,913,000 inclusive of \$2,433,000 and \$2,888,000 of donated space for 2023 and 2022, respectively.

Compliance

RCMA may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes RCMA is in compliance with the terms of its grant agreements.

RCMA was informed by the U.S. Health and Human Services Office of Inspector General (“OIG”) in early August 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 of the primary programs for each of the years ended June 30, 2023 and 2022. As of the date these financial statements were available to be issued, the OIG investigation remains ongoing and no findings and/or corrective action have been reported. Management and its legal counsel are of the opinion that it is too preliminary to project an outcome or a financial impact, if any. As a result, adjustments, if any, resulting from the resolution of this matter has not been reflected in these financial statements. Possible losses, in the event of an unfavorable outcome in this matter, could result in a material adverse effect on RCMA’s financial position.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (*Continued*)

Litigation

RCMA has general liability insurance coverage under a claims-made policy. The current policy expires in February 2025.

In the normal course of business, RCMA may be involved in litigation and/or claims. As a general policy RCMA defends matters in which RCMA is named as a defendant and, for losses, maintains insurance to protect against adverse judgements and/or claims that may affect RCMA. Management is unaware of any asserted or unasserted claims or incidents that are considered probable to result in future claims. As a result, these financial statements do not include a provision or liability related to incurred but unreported claims.

Self-Funded Health Insurance

On June 1, 2013, RCMA entered into an agreement (the “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.

RCMA is now recording the cost of health benefits to its employees based on the carrier’s computed estimates of such costs based on RCMA’s past experience and a portion of the cost related to the “Stop Loss Provision”.

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. RCMA’s cost of health benefits for participants amounted to approximately \$3,860,000 and \$3,987,000 for the years ended June 30, 2023 and 2022, respectively, which has been included in payroll taxes and fringe benefits in the statement of functional expenses.

As of June 30, 2023 and 2022 RCMA 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 approximately \$5,213,000 and \$4,618,000, 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.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Self-Funded Workers' Compensation Insurance

In August 2019, RCMA entered into an insurance contract with PMA Companies to protect RCMA 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). RCMA pays the estimated premium and records the expense based on actual payroll activity. Under this plan, RCMA's cost of workers compensation insurance, based on estimated premium, amounted to approximately \$690,000 and \$1,019,000 for the years ended June 30, 2023 and 2022, respectively, which has been included in payroll taxes and fringe benefits in the statement of functional expenses.

As of June 30, 2023 and 2022, RCMA 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 approximately \$117,000 and \$130,000, respectively, to reserve for any unpaid workers' compensation claims at the end of the year. Any future retro adjustments will be added or deducted from the reserve amount at the end of the policy year to continue paying for premiums.

Employees' 403 (b) Thrift Plan

RCMA's Thrift Plan provides that all eligible employees may contribute up to 20% of their salary annually. RCMA matches employee contributions based on employee's length of employment up to 5%. Also, RCMA's Charter Schools have a similar contribution plan for the certified teachers 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, 2023 and 2022 aggregated to approximately \$1,194,000 and \$1,162,000, respectively.

COVID-19

RCMA applied and obtained certain funds for COVID-19 virus funds which were utilized to cover qualifying expenses as directed by the respective funders. The approximate amounts received and recognized in the statement of activities for the year ended June 30, 2023 and 2022, respectively, was as follows:

	<u>2023</u>	<u>2022</u>
Florida Division of Early Learning - School Readiness	\$ 1,613,000	\$ 124,000
U.S. Department of Health and Human Services - Head Start	2,836,000	2,692,000
Other funders	60,000	312,000
	<u>\$ 4,509,000</u>	<u>\$ 3,128,000</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Disaster Assistance

RCMA had been granted federal funds from the Head Start Disaster Assistance program through April 2023. Such funds were used for the construction of facilities which include Hopewell and the Immokalee Hub. As of June 30, 2023 and 2022, RCMA had recognized approximately \$5,780,000 and \$1,795,327, respectively.

NOTE 11 - MATCHING FUND REQUIREMENTS

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, 2023, RCMA's non-federal funding for (a) Head Start -Migrant Head Start and (b) Migrant Early Head Start CCP programs was approximately \$3,223,000 combined. RCMA applied for and received a waiver from the funding agency for these specific programs. The cumulative match funds received exceeded the cumulative matching funds that were required for the year ended June 30, 2023.

SUPPLEMENTAL INFORMATION

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

Schedule I - Grants for Federal, State, and Local Agencies

Year Ended June 30, 2023 and 2022

	2023	2022
State of Florida		
Division of Early Learning		
School Readiness		
At-risk Low Income Children	\$ 14,137,750	\$ 13,347,039
Infant/Toddler Quality Improvement	84,319	120,398
Inclusion	67,728	66,069
SR Match	159,884	186,448
CARES Phase V	-	111,000
CARES Phase VI	-	13,068
CARES ARPA	5,000,581	193,862
<i>Passed through Early Learning Coalition of Southwest Florida</i>		
Voluntary Pre – Kindergarten Education Program	2,085,763	1,445,988
U.S. Department of Education		
Title I	463,725	493,103
National School Lunch	621,730	106,361
Fruit / vegetable	31,749	30,835
E-Rate	60,100	47,016
<i>Passed through Hillsborough/Collier School Boards</i>		
Capital Outlay	461,649	414,840
State of Florida – Department of Health, Food and Nutrition Management		
Food program	3,755,970	3,108,518
Food program - CARES	-	286,840
Department of Health and Human Services		
Head Start	9,433,239	9,294,185
Head Start Disaster Assistance	4,281,331	1,795,327
Head Start Supplemental COVID Funds	301,727	121,850
Head Start America Rescue Plan	871,669	743,350
Early Head Start	11,530,706	11,098,868
Early Head Start Child Care Partnership	4,099,709	4,485,867
Migrant Head Start	23,200,159	24,674,576
Migrant Head Start Cares	552,177	294,518
Migrant Head Start Supplemental COVID Funds	291,813	288,180
Migrant Head Start America Rescue Plan	818,610	1,244,535
SUBTOTAL (continued on the following page)	\$ 82,312,088	\$ 74,012,641

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

Schedule I - Grants for Federal, State, and Local Agencies (Continued)

Year Ended June 30, 2023 and 2022

	2023	2022
SUBTOTAL (continued from previous page)	\$ 82,312,088	\$ 74,012,641
Local School Boards		
Florida Department of Education	4,795	10,226
Department of Health and Human Services		
Passed through Early Learning Coalition HHS	172,166	157,590
U.S. Department of Housing and Urban Development		
Community Block Grant		
<i>Passed through</i>		
Hillsborough County	54,520	54,520
Palm Beach County	14,822	12,260
	69,342	66,780
Department of Health Resources & Services Administration		
<i>Passed through Alianza Americas</i>	22,486	234,851
Other Local Agencies		
Children Services Council	170,238	188,888
Indian River County Childrens Service Advisory	132,684	120,633
Naples Children Education Foundation	346,153	383,115
The Children's Trust	99,490	127,500
Allegany Franciscan Ministries	150,000	150,000
Others	1,209,574	704,304
	1,209,574	704,304
Total	\$ 84,689,016	\$ 76,156,528
Reconciliation to Statement of Activities and		
Changes in Net Assets:		
Without donor restrictions	\$ 80,634,054	\$ 71,382,171
With donor restrictions	4,054,962	4,774,357
	\$ 84,689,016	\$ 76,156,528

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

Schedule II - Grants - Counties and Municipalities

Schedule III - Contributions - United Way

Schedule IV - Contributions - Other

Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Schedule II		
Grants – Counties and Municipalities		
Collier County Assistance Program	<u>\$ 122,934</u>	<u>\$ 96,636</u>
Schedule III		
Contributions – United Way		
United Way		
– Suncoast	\$ 180,104	\$ 167,948
– Miami-Dade County	153,127	165,901
– Collier County	41,250	40,625
– Indian River County	23,750	25,000
– Central Florida	20,000	18,771
– Lee, Hendry and Glades	19,250	19,000
– Palm Beach	2,100	-
	<u>\$ 439,581</u>	<u>\$ 437,245</u>
Schedule IV		
Contributions – Others		
Center donations**	<u>\$ 58,784</u>	<u>\$ 52,057</u>

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

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2023

Federal Agency/State Agency/Pass-Through Grantor/ Program Title	Grant Period	Federal AL #	Contract #	Federal Expenditures	Transferred to Subrecipient
FEDERAL AWARDS					
<u>U.S. Department of Health and Human Services(HHS):</u>					
Head Start Cluster:					
Head Start	7/1/19-2/29/24	93.600	04CH011022-04	\$ 10,311,766	\$ -
Head Start Supplemental COVID Funds	4/1/21-3/31/23	93.600	04HE000330-01-00	301,727	-
Head Start American Rescue Plan	4/1/21-3/31/23	93.600	04HE000330-01-01	871,669	-
Early Head Start	7/1/19-2/9/24	93.600	04CH011022-04	11,530,706	-
Early Head Start Child Care Partnership	9/1/19-8/31/24	93.600	90HM000016-04	4,099,709	-
Migrant Head Start	11/1/19-10/31/24	93.600	90CM009840-03 & 04	23,722,336	-
Migrant Head Start Cares	11/1/19-10/31/24	93.600	90CM009840-03 & 04	1,321,921	-
Migrant Head Start Supplemental COVID Funds	4/1/21-3/31/23	93.600	90HN000011-01-00	291,813	-
Migrant Head Start American Rescue Plan	4/1/21-3/31/23	93.600	90HN000011-01-01	818,610	-
				<u>53,270,257</u>	
			90TD000101-02, 90TD00181-01 & 90TD000247-01		
Head Start Disaster Assistance	4/1/20-4/30/23	93.356		5,779,631	-
Total Head Start Cluster				<u>59,049,888</u>	<u>-</u>
Child Care Development Fund Cluster:					
<i>Passed through Florida Division of Early Learning</i>					
School Readiness - Child Care Development Fund- Matching	7/1/22-6/30/23	93.596	SR553	2,593,879	-
School Readiness - Child Care Development Fund- Mandatory	7/1/22-6/30/23	93.596	SR553	750,421	-
School Readiness - CCDF GR MOE	7/1/22-6/30/23	93.596	SR553	466,242	-
				<u>3,810,542</u>	<u>-</u>
School Readiness - Child Care Development Fund- Discretionary	7/1/22-6/30/23	93.575	SR553	8,420,406	-
School Readiness - CCDF Discretionary - TANF	7/1/22-6/30/23	93.575	SR553	1,918,601	-
School Readiness - CRRSA Discretionary	7/1/22-6/30/23	93.575	SR553	1,612,918	-
School Readiness - ARPA Discretionary - Stabilization	7/1/22-6/30/23	93.575	SR553	4,282,978	-
				<u>16,234,903</u>	<u>-</u>
Total Child Care Development (CCDF) Cluster				<u>20,045,445</u>	<u>-</u>
<i>Passed through Florida Division of Early Learning</i>					
Preschool Development Grant	7/1/22-6/30/23	93.434	SR553	10,908	-
Social Services Block Grant	7/1/22-6/30/23	93.667	SR553	8,720	-
Education Stabilization Fund (ESSER)	7/1/22-6/30/23	84.425D	S-557	7,975	-
<i>HHS Centers For Disease Control Passed Through Unidos U.S.</i>					
Hope for All Vaccine Program	2/1/22-11/31/22	93.185	CDC-RFA-IP21-2106	20,000	-
<u>U.S. Department of Agriculture:</u>					
<i>Passed through the Florida Department of Health</i>					
Child and Adult Care Food Programs	7/1/21-6/30/22	10.558	S-0557	3,755,970	-
<i>Passes through Florida Department of Agriculture and Consumer Services</i>					
National School Lunch Program	1/1/22-12/31/22	10.555	01-378	679,482	-
School Breakfast Program	1/1/22-12/31/22	10.553	01-378	313,810	-
Fresh Fruit and Vegetable Program	7/1/21-6/30/22	10.582	01-378	31,749	-
<u>Federal Emergency Management Association</u>					
<i>Passed through Florida Executive Office of the Governor - Division of Emergency Management</i>					
Hurricane Ian Disaster Public Assistance	10/18/22 - 5/16/23	97.036	Z3197	18,000	-
SUBTOTAL OF FEDERAL AWARDS (continued on the following page)				<u>\$ 83,941,947</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2023

Federal Agency/State Agency/Pass-Through Grantor/ Program Title	Grant Period	Federal AL #	Contract #	Federal Expenditures	Transferred to Subrecipient
SUBTOTAL OF FEDERAL AWARDS (continued from the previous page)				\$ 83,941,947	\$ -
<u>U.S. Department of Education</u>					
<i>Passed through Florida Department of Education</i>					
Title I Funds	7/1/20-6/30/30	84.101	20-0670	408,209	-
<u>U.S. Department of Housing and Urban Development -</u>					
<i>Passed through Palm Beach County</i>					
Community Block Grant	7/1/21-6/30/23	14.218	R2022-1528	14,608	-
<i>Passed through Hillsborough County</i>					
Community Block Grant	7/1/20-6/30/30	14.218	R2022-1528	54,520	-
TOTAL FEDERAL AWARDS				\$ 84,419,284	\$ -
Federal Agency/State Agency/Pass-Through Grantor/ Program Title	Grant Period	State CSFA #	Contract #	State Expenditures	Transferred to Subrecipient
STATE FINANCIAL ASSISTANCE					
<u>State of Florida Division of Early Learning</u>					
<i>Passed through Early Learning Coalition of Southwest Florida</i>					
Voluntary Pre-Kindergarten Education Program	7/1/22-6/30/23	48.108	SR553	\$ 2,085,763	\$ -
<u>Florida Department of Education</u>					
Pathway to Career Opportunity Grant	7/1/22-6/30/23	48.190	L0402	27,506	-
TOTAL STATE				\$ 2,113,269	-
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				\$ 86,532,553	\$ -

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2023

General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state award programs of Redlands Christian Migrant Association, Inc. ("RCMA") for the year ended June 30, 2023. The information in the Schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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), Chapter 10.650, *Rules of the Auditor General*, and the Rules of the Executive Office of the Governor of the State of Florida. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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 presentation of the basic financial statements.

Contingencies

Grant monies received and disbursed by RCMA 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, RCMA does not believe that such disallowances, if any, would have a material effect on the financial position of RCMA. As of June 30, 2023, RCMA's management is not aware of any material questioned or disallowed costs as a result of a grant audits in process or completed.

Subrecipients

RCMA records expenditures of federal program and state projects when paid in cash to a pass-through entity. For the year ended June 30, 2023, RCMA did not pass-through any funds to subrecipients as reflected in the Schedule.

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, 2023, is 14% 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. Not all of the grants received by RCMA pay this percentage. RCMA did not elect to use the ten percent diminished indirect cost rate allowed under the Uniform Guidance.



**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.
Immokalee, Florida

We have audited the accompanying financial statements of Redlands Christian Migrant Association, Inc. (the “RCMA”), as of and for the year ended June 30, 2023, and have issued our report thereon dated March 29, 2024. 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.

Report on 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 opinions 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 RCMA’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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether RCMA'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 the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Redlands Christian Migrant Association, Inc. ("RCMA") as of and for the year ended June 30, 2023, and have issued our report thereon dated March 29, 2024.

Auditor's Responsibility

We conducted our audit 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; Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 29, 2024, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program

We have audited Redlands Christian Migrant Association, Inc. ("RCMA") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget ("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 its major federal programs and state projects for the year ended June 30, 2023. RCMA's major federal programs and state projects are identified in the summary of auditor's results 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, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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 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) and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* 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.

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

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 projects.

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, *Government Auditing Standards*, the Uniform Guidance, 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, *Government Auditing Standards*, and the Uniform Guidance 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.

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

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

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.

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 the 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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 29, 2024

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
___ Yes X None reported
___ Yes X No

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
___ Yes X None reported

Type of report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?

___ Yes X No

Identification of Major Federal Programs:

Federal Assistance

Listing Numbers

Name of Federal Program or Cluster

93.356 / 93.600

Head Start Programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 2,532,579

Auditee qualified as low-risk auditee?

___ Yes X No

REDLANDS CHRISTIAN MIGRANT ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2023

Section I - Summary of Independent Auditor's Results (Continued)

State Financial Assistance

Internal control over major project:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of report issued on compliance for major state project: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*, Chapter 10.656? Yes No

Identification of Major State Project:

<u>CSFA Number</u>	<u>Name of State Project</u>
48.108	Voluntary Pre-Kindergarten Education Program

Dollar threshold used to distinguish between Type A and Type B projects: \$300,000

The Florida Office of Early Learning's grant terms require auditors to test and report on whether RCMA's monthly reconciliation of its financial records to the statewide School Readiness Data and Reporting System was completed in an accurate and timely manner. Based on our testing, we confirm that RCMA completed the required monthly reconciliations in a timely and satisfactory manner.

Section II - Findings Related to the Financial Statement Audit, as Required to be Reported in accordance with *Government Auditing Standards*

None reported.

Section III - Findings and Questioned Costs for Federal Awards and State Financial Assistance Reported in accordance with the Uniform Guidance and *Rules of the Auditor General*, Chapter 10.650

None reported.