




Redlands Christian Migrant Association, Inc.

Independent Auditor's Report, Financial Statements, and Supplementary Information

Year Ended June 30, 2024 (With Summarized Comparative Information for
the Year Ended June 30, 2023)



Redlands Christian Migrant Association, Inc.
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June 30, 2024 and 2023

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Redlands Christian Migrant Association, Inc. ("RCMA"), which comprise the statement of financial position ("RCMA") as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RCMA as of June 30, 2024, 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 ("GAAS") and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Redlands Christian Migrant Association, Inc. 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 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 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 GAAS and *Government 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 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 GAAS and *Government 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, 2023, were audited by other auditors whose report dated March 29, 2024, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 2023, is consistent, in all material respects with the audited financial statements from which it has been derived.

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, and Schedule of findings and questioned costs, 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*, 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025, 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.

Forvis Mazars, LLP

Tampa, Florida
August 29, 2025

Redlands Christian Migrant Association, Inc.
Statement of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,777,373	\$ 7,921,730
Accounts receivable		
Grants	7,135,521	6,284,584
School boards	1,568,222	1,266,555
Investments	446,784	407,079
Current portion of assets whose use is limited	1,200,000	550,000
Prepaid expenses and other current assets	613,840	972,978
Total Current Assets	<u>14,741,740</u>	<u>17,402,926</u>
Property and Equipment, net	46,498,993	28,641,376
Assets Whose Use is Limited, less current portion	4,517,627	6,232,733
Utility and Other Deposits	65,754	63,818
Beneficial Interest in Trusts	<u>530,108</u>	<u>511,235</u>
Total Assets	<u>\$ 66,354,222</u>	<u>\$ 52,852,088</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 4,164,086	\$ 3,534,874
Accrued payroll, vacation, sick leave and other expenses	7,381,463	9,057,120
Advances from funding agencies	471,392	1,592,390
Current portion of long term debt	122,877	389,200
Total Current Liabilities	<u>12,139,818</u>	<u>14,573,584</u>
Accrued Payroll, Vacation, Sick Leave, and Other Expenses, less current portion	2,000,000	650,000
Long-Term Debt, less current portion	<u>1,722,328</u>	<u>2,678,734</u>
Total Liabilities	<u>15,862,146</u>	<u>17,902,318</u>
Net Assets		
With donor restrictions	35,364,917	18,516,016
Without donor restrictions	<u>15,127,159</u>	<u>16,433,754</u>
Total Net Assets	<u>50,492,076</u>	<u>34,949,770</u>
Total Liabilities and Net Assets	<u>\$ 66,354,222</u>	<u>\$ 52,852,088</u>

Redlands Christian Migrant Association, Inc.
Statement of Activities and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024	2023 (Summarized)
Revenue, Gains, and Other Support		
Grant		
Federal, state, and local agencies	\$ 75,591,159	\$ 80,634,054
Counties and municipalities	1,662	122,934
Charter schools revenues	7,856,302	7,057,993
Other revenue		
Child care fees	388,623	471,243
Rental Income	459,873	324,905
Investment return, net	577,311	386,738
Gain (loss) on disposal of property and equipment	243,990	(14,002)
Fund raising events	1,057,213	468,520
Total Grants and Other Revenue	86,176,133	89,452,385
Contributions		
Local	154,512	523,824
Agriculture	10,093	3,890
United Way	433,720	439,581
Other	676,026	1,401,976
COVID 19	100,225	59,875
For Charter Schools	285,793	212,434
Donated space, materials and services	3,911,854	4,115,844
Net assets released from restriction	1,962,675	1,611,716
Total Contributions	7,534,898	8,369,140
Total Revenue, Gains, and Other Support	93,711,031	97,821,525
Expenses		
Program	83,995,478	88,052,453
Management and general expenses	9,115,137	6,194,350
Fundraising	1,907,011	390,247
Total Expenses	95,017,626	94,637,050
Excess of Revenues over Expenses	(1,306,595)	3,184,475
Change in Net Assets with Donor Restrictions		
Federal, state and local agencies	18,129,400	4,054,962
Investment return, net	19,038	-
Contributions	663,138	2,413,444
Net assets released from restriction	(1,962,675)	(1,611,716)
Change in Net Assets with Donor Restrictions	16,848,901	4,856,690
Change in Net Assets	15,542,306	8,041,165
Net Assets, Beginning of Year	34,949,770	26,908,605
Net Assets, End of Year	\$ 50,492,076	\$ 34,949,770

See Notes to Financial Statements

Redlands Christian Migrant Association, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024 (With Summarized Comparative Totals for 2023)

	Program Services						Support Services		2024	2023 (Summarized)
	Child Care		Food	Charter		Total	Management	Fundraising		
	Subsidized	Head Start	Services	Other	Schools		and General			
Salaries	\$ 10,373,725	\$ 31,121,175	\$ 1,342,505	\$ 561,521	\$ 6,801,932	\$ 50,200,858	\$ 4,211,891	\$ 1,491,379	\$ 55,904,128	\$ 55,056,221
Payroll taxes and fringe benefits	2,122,684	6,368,053	265,665	91,903	1,428,835	10,277,140	781,408	148,310	11,206,858	11,084,907
Total Salaries and Related Expenses	12,496,409	37,489,228	1,608,170	653,424	8,230,767	60,477,998	4,993,299	1,639,689	67,110,986	66,141,128
Occupancy costs	1,351,800	4,055,401	-	21,280	853,325	6,281,806	572,288	53,293	6,907,387	6,854,758
Professional and other										
contracted services	52,177	156,530	-	184	2,500	211,391	1,188,097	95,134	1,494,622	1,822,689
Supplies	526,809	1,580,426	111,256	10,153	473,491	2,702,135	120,490	247	2,822,872	1,186,114
Food	-	-	1,918,902	-	501,543	2,420,445	633	-	2,421,078	3,069,557
Depreciation	337,259	1,011,777	-	41,599	192,682	1,583,317	996,266	-	2,579,583	2,432,844
Donated space	748,095	2,244,284	-	-	-	2,992,379	-	-	2,992,379	364,871
Other expenses	665,273	1,375,200	222,225	65,520	938,788	3,267,006	671,523	79,205	4,017,734	2,996,538
Contracted child care services	-	-	-	-	-	-	-	-	-	2,668,870
Conferences and workshops	208,899	626,696	4,112	18,398	178,063	1,036,168	103,724	28,243	1,168,135	2,864,986
Consumable equipment	160,307	480,921	821	16,916	142,165	801,130	87,083	-	888,213	97,792
Transportation	152,488	457,465	-	12,821	213,342	836,116	66,037	676	902,829	1,117,362
Repairs and maintenance	59,120	177,361	-	8	54,399	290,888	54,394	-	345,282	1,008,632
Data processing	65,115	195,346	7,874	450	15,708	284,493	12,071	-	296,564	830,925
In state travel	53,727	161,182	3,596	6,294	40,034	264,833	113,304	7,948	386,085	332,706
Health services	28,856	86,567	-	-	124,997	240,420	24,489	-	264,909	275,320
Interest	23,637	70,911	-	-	-	94,548	42,072	-	136,620	196,596
Fundraising	-	-	-	16,000	122,776	138,776	45,666	1,332	185,774	222,442
Out of state travel	10,183	30,549	-	3,002	11,895	55,629	23,701	1,244	80,574	88,007
Scholarships	-	-	-	16,000	-	16,000	-	-	16,000	61,500
Uncollected child care fees	-	-	-	-	-	-	-	-	-	3,413
Total Expenses	\$ 16,940,154	\$ 50,199,844	\$ 3,876,956	\$ 882,049	\$ 12,096,475	\$ 83,995,478	\$ 9,115,137	\$ 1,907,011	\$ 95,017,626	\$ 94,637,050

See Notes to Financial Statements

Redlands Christian Migrant Association, Inc.
Statement of Cash Flows
Year Ended June 30, 2024 (With Summarized Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
Operating Activities		
Cash received from grantors and revenues	\$ 170,917,732	\$ 91,776,139
Cash paid to employees and suppliers	(155,018,331)	(81,678,798)
Interest received	195,364	94,632
Interest paid	(136,620)	(196,596)
Net Cash Provided by Operating Activities	<u>15,958,145</u>	<u>9,995,377</u>
Investing Activities		
Net change in assets whose use is limited and investments	1,313,437	(1,023,513)
Proceeds on sale of property, equipment, and other assets	288,861	110,998
Purchase of property and equipment	(20,482,071)	(7,831,243)
Net Cash Used in Investing Activities	(18,879,773)	(8,743,758)
Financing Activities		
Principal payments on long-term debt	(1,222,729)	(1,397,011)
Net Change in Cash and Cash Equivalents	(4,144,357)	(145,392)
Cash and Cash Equivalents, Beginning of Year	<u>7,921,730</u>	<u>8,067,122</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,777,373</u>	<u>\$ 7,921,730</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	\$ 15,542,306	\$ 8,041,165
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,579,583	2,668,870
(Gain) loss on disposal of property and equipment	(243,990)	14,002
Unrealized gain on investments	(288,036)	(186,159)
Change in operating assets and liabilities		
Accounts receivable	(1,152,604)	(50,391)
Prepaid expenses and other	359,138	(10,466)
Other assets	(1,936)	(2,600)
Beneficial interest in trusts	(18,873)	(511,235)
Advances from funding agencies	(1,120,998)	119,303
Accounts payable and accrued expenses	303,555	(87,112)
Net Cash Provided by Operating Activities	<u>\$ 15,958,145</u>	<u>\$ 9,995,377</u>

Note 1. Nature of RCMA

Redlands Christian Migrant Association, Inc. ("RCMA") was incorporated as a not-for-profit organization 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, 2024, RCMA's service area spans 21 Florida counties concentrated in rural areas.

In addition, RCMA operates three 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. The Mulberry Community Academy ("MCA"), have a ten-year charter that currently extends through 2030 with the Polk 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.

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.

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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.

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, 2024, from which the summarized information was derived.

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.

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.

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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 - 20 years
Other depreciable property and equipment	3 - 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 9). 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, 2024.

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 Coalition. In the opinion of management, disallowed costs, if any, would not be material to the financial statements.

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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 \$2,992,000 for the year ended June 30, 2024.

Certain donated services have not been reflected in these statements, since they did not meet the criteria for recognition (e.g., require specialized skill, create or enhance non-financial assets) as defined by GAAP. However, there are a substantial number of volunteers who have donated volunteer hours there that are not reflected in these financial statements that meet the matching requirements of various grants (see Note 11).

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.

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.

Reclassifications

Certain amounts in the 2023 summarized financial statements have been reclassified to conform to the 2024 presentation. Such reclassifications had no effect on the previously reported changes in net assets.

Subsequent Events

RCMA has evaluated subsequent events through August 29, 2025, which is the date the financial statements were available to be issued.

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 3. Liquidity Analysis

The table below represents financial assets available to meet cash needs for general expenditures within one year at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
Cash	\$ 3,777,373	\$ 7,921,730
Accounts Receivable – Grants	7,135,521	6,303,566
Accounts Receivable – School Boards	1,568,222	1,246,145
Investments	<u>446,784</u>	<u>407,079</u>
	<u>\$ 12,927,900</u>	<u>\$ 15,878,520</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 (see Note 9).

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

The tables below present RCMA's financial instruments within the fair value hierarchy at June 30, 2024 and 2023 (Summarized).

June 30, 2024				
Fair Value Measurements				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalents	\$ 756	\$ -	\$ -	\$ 756
Mutual funds	350,259	-	-	350,259
Domestic corporate stocks	<u>95,769</u>	<u>-</u>	<u>-</u>	<u>95,769</u>
	<u>\$ 446,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,784</u>
Assets Whose Use is Limited				
Cash and cash equivalents	\$ 899,097	\$ -	\$ -	\$ 899,097
U.S. Government obligations	<u>-</u>	<u>4,818,530</u>	<u>-</u>	<u>4,818,530</u>
	<u>\$ 899,097</u>	<u>\$ 4,818,530</u>	<u>\$ -</u>	<u>\$ 5,717,627</u>
Beneficial Interest in Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,108</u>	<u>\$ 530,108</u>
June 30, 2023 (Summarized)				
Fair Value Measurements				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalents	\$ 2,231	\$ -	\$ -	\$ 2,231
Mutual funds	311,629	-	-	311,629
Domestic corporate stocks	<u>93,219</u>	<u>-</u>	<u>-</u>	<u>93,219</u>
	<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	<u>-</u>	<u>4,123,823</u>	<u>-</u>	<u>4,123,823</u>
	<u>\$ 2,658,910</u>	<u>\$ 4,123,823</u>	<u>\$ -</u>	<u>\$ 6,782,733</u>
Beneficial Interest in Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,235</u>	<u>\$ 511,235</u>

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 5. Investments and Assets Whose Use is Limited

Investments consist of the following at June 30, 2024 and 2023:

	2024		2023 (Summarized)	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 756	\$ 756	\$ 2,231	\$ 2,231
Mutual funds	219,598	350,259	229,448	311,629
Domestic corporate stock	83,387	95,769	81,387	93,219
	<u>\$ 303,741</u>	<u>\$ 446,784</u>	<u>\$ 313,066</u>	<u>\$ 407,079</u>

Assets whose use is limited by provisions of trust indentures and other contractual obligations are summarized as follows at June 30, 2024 and 2023:

	2024		2023 (Summarized)	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 899,097	\$ 899,097	\$ 2,658,910	\$ 2,658,910
U.S. Government obligations	4,519,054	4,818,530	4,063,353	4,123,823
	<u>\$ 5,418,151</u>	<u>\$ 5,717,627</u>	<u>\$ 6,722,263</u>	<u>\$ 6,782,733</u>

The components of assets whose use is limited at June 30, 2024 and 2023, are as follows:

Fund	Purpose	2024	2023
Amounts Held Under Grant Provisions			
Reserve for Self-Insurance	To fund future self-insurance claims for health and worker's compensation (see Note 10).	\$ 5,717,627	\$ 5,637,410
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
		5,717,627	6,782,733
Current portion		(1,250,000)	(550,000)
Non-current portion		<u>\$ 4,467,627</u>	<u>\$ 6,232,733</u>

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 6. Property and Equipment, Net

Property and equipment, net, consists of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
Land	\$ 2,015,748	\$ 2,015,749
Buildings and building improvements	36,685,485	36,761,553
Modular classrooms	871,729	871,729
Kitchen equipment	1,365,378	1,369,881
Program equipment	4,258,994	3,976,266
Transportation equipment	5,567,256	5,509,337
Office equipment	930,152	970,109
Leasehold improvement	16,322,592	15,915,218
Construction in progress	<u>31,086,545</u>	<u>12,012,644</u>
	99,103,879	79,402,486
Accumulated depreciation	<u>(52,604,886)</u>	<u>(50,761,110)</u>
Total property and equipment, net	<u>\$ 46,498,993</u>	<u>\$ 28,641,376</u>

Depreciation of property and equipment for the years ended June 30, 2024 and 2023, was approximately \$2,580,000 and 2,625,000, respectively.

RCMA has recorded approximately \$31,087,000 in construction in progress at June 30, 2024 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 \$9,160,000 which has been approved for funding by the Office of Head Start.

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 7. Long-Term Debt

Long-term debt consists of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
Term loan due to United States Department of Agriculture-Rural Development (the "Term Loan"), with monthly principal and interest at 2.75% through maturity in September 2046.	\$ 1,552,047	\$ 1,631,362
Mortgage note payable due to a financial institution (the "Mortgage Loan"), with monthly principal and interest at 4.92% through maturity in August 2028.	293,158	366,572
Collier County Industrial Development Authority Variable Rate Demand Bonds Series 2001 (the "Series 2001 Bonds"), interest at a weekly market rate (and 4.04% at June 30, 2023). Monthly principal and interest was due until final payoff in July 2024.	<u>-</u>	<u>1,070,000</u>
Current portion	<u>1,845,205</u> <u>(122,877)</u>	<u>3,067,934</u> <u>(389,200)</u>
Non-current portion	<u>\$ 1,722,328</u>	<u>\$ 2,678,734</u>

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, 2024 are as follows:

	<u>Other Long-Term Debt Obligations</u>
2025	\$ 123,000
2026	124,000
2027	126,000
2028	127,000
2029	70,000
Thereafter	<u>1,275,000</u>
	<u>\$ 1,845,000</u>

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following funds at June 30, 2024 and 2023:

<u>Net Assets with Donor Restriction</u> <u>Temporary in Nature</u>	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
Type "B" program – property and equipment, net	\$ 33,343,054	\$ 16,423,060
Migrant Seasonal Workers Relief Benefits	537,388	545,607
Tampa Funds (see Note 9)	508,862	491,868
Immigrant Assistance	246,604	-
Family Support Workers	185,813	143,062
Health Services	142,314	-
Shade Structures	77,921	45,626
Immokalee Unmet Needs Coalition ("IUNC")	75,896	216,846
Family Support	75,271	-
Mentor / Teacher Positions	66,802	13,344
School Readiness Local Match	34,333	13,124
Local Match	29,655	-
Community Foundation	21,246	19,202
Childcare	17,500	-
Other	2,258	-
Mulberry Capital Campaign	-	304,097
Immokalee Charter School Capital Campaign	-	252,075
Health Staffing Positions	-	48,105
Total	<u>\$ 35,364,917</u>	<u>\$ 18,516,016</u>

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

	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
Cash and cash equivalents	\$ 1,492,000	\$ 1,601,000
Beneficial interest in trusts	530,000	492,000
Property and equipment, net	<u>33,343,000</u>	<u>16,423,000</u>
Net assets with donor restrictions	<u>\$ 35,365,000</u>	<u>\$ 18,516,000</u>

	<u>2024</u>	<u>2023</u> <u>(Summarized)</u>
Federal, state, and local grants	\$ 18,130,000	\$ 4,055,000
Interest return, net	19,000	-
Other contributions with donor restrictions	663,000	2,413,000
Net assets released from donor restriction	<u>(1,963,000)</u>	<u>(1,612,000)</u>
Change in net assets with donor restrictions	<u>\$ 16,849,000</u>	<u>\$ 4,856,000</u>

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Net cash received from grantors and contributions	\$ 18,020,000	\$ 5,767,000
Purchases of property and equipment	<u>(18,129,000)</u>	<u>(5,069,000)</u>
Net change in cash and cash equivalents	<u>\$ (109,000)</u>	<u>\$ 698,000</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 for the year ended June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, June 30, 2023	\$ 19,000	\$ 492,000
Contributions	-	-
Investments return, net	2,000	17,000
Appropriation for expenditures	<u>-</u>	<u>-</u>
Endowment net assets, June 30, 2024	<u>\$ 21,000</u>	<u>\$ 509,000</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 years ended June 30, 2024 and 2023, approximately 92% and 90%, respectively, of RCMA’s total revenue, gains, and support were paid by federal and state grants.

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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.

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

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 \$3,053,000 and \$2,482,000 inclusive of \$2,992,000 and \$2,433,000 of donated space for 2024 and 2023, 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. RCMA subsequently entered into a settlement with the OIG in December 2024 for approximately \$586,000 which is included as a component of accounts payable and accrued expenses at June 30, 2024.

Litigation

RCMA has general liability insurance coverage under a claims-made policy. The current policy expires in February 2026.

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

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."

Redlands Christian Migrant Association, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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 \$4,117,000 and \$4,383,000 for the years ended June 30, 2024 and 2023, respectively, which has been included in payroll taxes and fringe benefits in the statement of functional expenses.

As of June 30, 2024 and 2023, 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 \$5,127,000 and \$5,213,000, 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 2024, therefore recorded as current.

Self-Funded Workers' Compensation Insurance

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 \$621,000 and \$690,000 for the years ended June 30, 2024 and 2023, respectively, which has been included in payroll taxes and fringe benefits in the statement of functional expenses.

As of June 30, 2024 and 2023, 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 \$675,000 and \$117,000, 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, 2024 and 2023 aggregated to approximately \$1,187,000 and \$1,194,000, respectively.

Disaster Assistance

RCMA had been granted federal funds from the Head Start Disaster Assistance program. Such funds were used for the construction of facilities which include Hopewell and the Immokalee Hub. As of June 30, 2024 and 2023, RCMA had recognized approximately \$16,035,000 and \$5,780,000, 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, 2024, RCMA's non-federal funding for (a) Head Start -Migrant Head Start and (b) Migrant Early Head Start CCP programs was approximately \$5,950,000 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, 2024.

Supplementary Information

Redlands Christian Migrant Association, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024

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 and early Head Start	7/1/19 - 6/30/24	93.600	04CH011022-05	\$ 20,880,205	\$ -
Migrant and Seasonal Early Head Start Child Care Partnership	9/1/19 - 10/31/24	93.600	90CM009840-03 & 04	4,202,729	-
Migrant and Seasonal Head Start	11/1/19 - 10/31/24	93.600	90CM009840-03 & 04	25,968,907	-
Head Start Disaster Assistance - Immokalee Hub	2/1/21 - 1/31/26	93.356	90TD00018101	12,606,237	-
Head Start Disaster Assistance - Hurricane Staff	4/1/20- 1/31/25	93.356	90TD00010102	3,433,219	-
Head Start Disaster Assistance - Hopewell Hub	4/1/2020 - 01/31/26	93.356	04TD00024701	2,674,104	-
Total Head Start Cluster				69,765,401	-
Child Care Development Fund Cluster:					
<i>Passed through Florida Division of Early Learning</i>					
School Readiness - Child Care Development Fund - Matching	7/1/23 - 6/30/24	93.596	SR554	182,451	-
School Readiness - Child Care Development Fund - Mandatory	7/1/23 - 6/30/24	93.596	SR554	15,318,164	-
School Readiness - Child Care Development Fund - Discretionary	7/1/23 - 6/30/24	93.575	SR534	1,836,563	-
Total Child Care Development Fund (CCDF) Cluster				17,337,178	-
<i>Passed through Florida Division of Early Learning</i>					
Preschool Development Grant	7/1/22-6/30/24	93.434	SR534	11,534	-
<u>U.S. Department of Agriculture:</u>					
<i>Passed through the Florida Department of Health</i>					
Child and Adult Care Food Programs	10/1/23 - 9/30/24	10.558	S-0557	3,874,778	-
<i>Passed through Florida Department of Agriculture and Consumer Affairs</i>					
Hurricane Ian Disaster Public Assistance	7/1/23 - 6/30/24	10.555	18247	900,482	-
School Breakfast Program	7/1/23 - 6/30/24	10.553	18247	322,858	-
Fresh Fruit and Vegetable Program	7/1/23 - 6/30/24	10.582	18247	27,024	-
SUBTOTAL OF FEDERAL AWARDS (continued on the following page)				\$ 92,239,255	\$ -

Redlands Christian Migrant Association, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024

(Continued)

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)				\$ 92,239,255	\$ -
<u>U.S. Department of Housing and Urban Development -</u>					
<i>Passed through Palm Beach County</i>					
Community Block Grant	10/1/23 - 9/30/24	14.218	R2023-1528	10,480	-
<i>Passed through Hillsborough County</i>					
Community Block Grant	10/1/2023 - 9/30/24	14.218	R2023- 1528	54,520	-
TOTAL FEDERAL AWARDS				\$ 92,304,255	\$ -
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	7/1/23 - 6/30/24	48.108	SR553	\$ 1,970,492	\$ -
TOTAL STATE				\$ 1,970,492	\$ -
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				\$ 94,274,747	\$ -

Redlands Christian Migrant Association, Inc.
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024

Note 1. 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, 2024. 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.

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 presentation of the basic financial statements.

Note 3. 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, 2024, RCMA's management is not aware of any material questioned or disallowed costs as a result of a grant audits in process or completed.

Note 4. 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, 2024, RCMA 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, 2024 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. Not all of the grants received by RCMA pay this percentage.

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*

Independent Auditor's Report

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

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 ("*Government Auditing Standards*") the financial statements of Redlands Christian Migrant Association, Inc. ("RCMA") which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 August 29, 2025.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify two deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-01 and 2024-02 that we consider to be material weaknesses.

Report on 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 financial statement amounts. However, providing an opinion on compliance with those provisions were 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*.

RCMA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on RCMA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. RCMA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Forvis Mazars, LLP

Tampa, Florida
August 29, 2025

Independent Auditor's Management Letter

Board of Directors
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, 2024, and have issued our report thereon dated August 29, 2025.

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 August 29, 2025, 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 noted item 2024-02 related to internal controls over compliance. There were no other matters or other instances of non-compliance identified.

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.

Forvis Mazars, LLP

Tampa, Florida
August 29, 2025

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*

Independent Auditor's Report

Board of Directors
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 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, 2024. 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, 2024.

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.

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.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-02 to be a material weakness.

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on RCMA's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. RCMA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. RCMA is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. RCMA's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Forvis Mazars, LLP

Tampa, Florida
August 29, 2025

**Redlands Christian Migrant Association, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

(Check each description that applies)

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for major federal program(s):

(Check each description that applies. If any other than unmodified apply, also list the name of each major program by the type of opinion applicable to that program.)

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.356, 93.600	Head Start Cluster
93.575, 93.596	Child Care Development Cluster
10.558	Child and Adult Care Food Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$2,769,128

9. Auditee qualified as a low-risk auditee? Yes No

**Redlands Christian Migrant Association, Inc.
 Summary Schedule of Prior Audit Findings
 Year Ended June 30, 2023**

State Financial Assistance

10. Internal control over major project:

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

11. Type of auditor’s report issued on compliance for major state project:

- Unmodified Qualified Adverse Disclaimer

12. Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*, Chapter 10.656?

- Yes No

13. Identification of major state project:

CSFA Number(s)	Name of State Project
48.108	Voluntary Pre-Kindergarten Education Program

14. 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 the Coalition’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 the Coalition 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*

Finding 2024 - 01: Audit Corrections

Criteria: Every balance sheet account has an account reconciliation performed during the month-end close process, and this account reconciliation is reviewed and approved by a supervisor.

Condition: The audit team proposed and recorded multiple audit adjustments, and in the aggregate, were material to the financials.

Cause: There was turnover in personal and timely review and reconciliations are not always performed.

Effect: Audit adjustments were posted to multiple accounts, including to accounts receivable and revenue.

Type of Finding: Internal Control Over Financial Reporting

Perspective: This impacted the accuracy of RCMA’s financial reporting.

Repeat Finding Status: Not a repeat finding.

**Redlands Christian Migrant Association, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Recommendation: We recommend that management implement controls to perform timely review and approval of balance sheet account reconciliations every month and that the general ledger be fully reconciled to the prior audited financial statements.

Views of responsible officials: Management concurs with the finding. RCMA experienced turnover in key finance personnel during FY24, which contributed to delays and gaps in performing timely account reconciliations and supervisory reviews. These challenges, combined with resource constraints, resulted in audit adjustments that were material in the aggregate.

Corrective Action Plan: To address the noted condition, management has implemented corrective measures effective with the FY25 reporting cycle:

1. New ERP System Implementation – Beginning in FY25, the organization has initiated implementation of a new enterprise resource planning (ERP) system. This platform provides built-in tools for account reconciliation, workflow approvals, and exception reporting, reducing reliance on manual processes and increasing timeliness and accuracy of financial close activities.
2. Strengthened Internal Controls – Updated policies and procedures require all balance sheet accounts to be reconciled monthly, with documented supervisory review and approval. The ERP system will further automate this process by assigning responsibility, requiring approvals within the system, and maintaining an audit trail.
3. Independent Oversight and Expertise – The organization has engaged an independent consulting firm with deep nonprofit expertise to assist in reviewing internal controls and reconciliation processes, ensuring alignment with best practices, and providing periodic oversight during the ERP transition.
4. Staffing and Training – With turnover stabilized, the organization has realigned responsibilities and invested in staff training to ensure finance personnel are equipped to perform timely reconciliations and reviews consistently.

Management is confident that these corrective measures, implemented with the FY25 reporting cycle, will ensure timely reconciliations, prevent material audit adjustments, and strengthen overall accuracy and reliability of the financial statements.

See finding 2024-02 below for an additional matter related to the financial statement audit.

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

Finding 2024 - 02: Reporting Corrections

Federal Program and Specific Award Identification: All federal programs and state award

Criteria: The Schedule of Expenditures of Federal Awards and State Financial Assistance should reconcile to the financial statements.

Condition: During this fiscal year, the audit team proposed adjustments to reconcile the Schedule of Expenditures of Federal Awards and State Financial Assistance to the financial statements.

Cause: Timely review and reconciliations were not always performed.

**Redlands Christian Migrant Association, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Effect or Potential Effect: The Schedule of Expenditures of Federal Awards and State Financial Assistance did not reconcile to the financials which has the potential risk of changing the scope of major programs tested.

Questioned Costs: There were no such items identified during our audit.

Perspective: This impacts the financial reporting and tracking of all federal awards and state programs.

Repeat Finding: This is not a repeat finding.

Type of Finding: Internal Control Over Financial Reporting and Internal Control Over Major Federal Programs and State Awards (All Programs and Awards)

Recommendation: We recommend that management implement controls to perform timely review and approval of reconciling The Schedule of Expenditures of Federal Awards and State Financial Assistance to the financial statements.

Views of responsible officials: Management concurs with the finding. RCMA experienced turnover in key finance personnel during FY24, which contributed to delays and gaps in performing timely account reconciliations and supervisory reviews. These challenges, combined with resource constraints, resulted in adjustments to the Schedule of Expenditures of Federal Awards and State Financial Assistance

Corrective Action Plan: To address the noted condition, management has implemented corrective measures effective with the FY25 reporting cycle:

1. New ERP System Implementation – The transition to the new ERP system will automate the tracking of federal and state grant expenditures against the general ledger and streamline the preparation of the Schedule of Expenditures of Federal Awards (SEFA) and State Financial Assistance.
2. Strengthened Internal Controls and Approvals – Beginning in FY25, updated policies and procedures require monthly reconciliations of the SEFA schedule to the general ledger. These reconciliations are reviewed and approved by senior finance staff to ensure timely identification and correction of discrepancies.
3. Independent Oversight and Expertise – The organization has engaged an independent consulting firm with deep nonprofit expertise to assist in reviewing internal controls and reconciliation processes, ensuring alignment with best practices, and providing periodic oversight during the ERP transition.
4. Ongoing Staff Training – Finance staff are receiving training in the new ERP system and updated internal control procedures to ensure consistency and accuracy across reporting periods.

Management believes these measures, beginning with FY25 reporting, will ensure timely, accurate reconciliations of the SEFA schedule to the financial statements, prevent future audit delays, and strengthen overall grant compliance.

Questioned Costs

None reported.