

**Redlands Christian Migrant Association, Inc.**  
**(A Not-For-Profit Organization)**  
**Financial Statements and Supplementary Information**  
**June 30, 2019**

# Redlands Christian Migrant Association, Inc.

(A Not-For-Profit Organization)

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June 30, 2019

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**ZOMMA GROUP**  
CPAs AND CONSULTANTS

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Redlands Christian Migrant Association, Inc. (RCMA) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of Redlands Christian Migrant Association, Inc. as of June 30, 2019, and the changes in its net assets and



its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance (pages 18 – 20) is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General and is not a required part of the financial statements. The accompanying Schedules I, II, III and IV (pages 23 – 25) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Report on Summarized Comparative Information*

Prager Metis CPAs, LLC who demerged with ZOMMA Group, LLP on January 1, 2020, previously audited Redlands Christian Migrant Association, Inc.'s 2018 financial statements, and expressed an unmodified audit opinion on those audited financial statements in the report dated October 5, 2018. In Prager Metis CPAs, LLC opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2020, on our consideration of RCMA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering RCMA's internal control over financial reporting and compliance. In addition, we have also issued our report dated March 16, 2020, applicable to each major federal program and state project. Such report should be read in conjunction with the report in considering the results of our audit.

### ***ZOMMA Group, LLP***

ZOMMA Group, LLP  
Coral Gables, Florida  
March 16, 2020

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Statements of Financial Position  
June 30, 2019  
(With summarized comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Combined Totals	
			2019	2018
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 2,507,027	\$ 147,041	\$ 2,654,068	\$ 2,732,885
Accounts receivable – grants	3,950,161	-	3,950,161	3,684,319
– other	5,380	-	5,380	25,514
– school boards	501,573	-	501,573	479,053
Prepaid expenses and other current assets	825,043	-	825,043	811,112
Total current assets	7,789,184	147,041	7,936,225	7,732,883
Property and equipment	13,215,365	7,231,201	20,446,566	22,478,171
Deposits and other assets				
Cash – sinking fund	937,968	-	937,968	940,033
Cash set aside for – Future health insurance claims (Note 6)	2,502,337	-	2,502,337	397,153
Building and utility deposits	66,738	-	66,738	68,133
Donated rental property	125,000	-	125,000	125,000
<b>Total assets</b>	<b>\$ 24,636,592</b>	<b>\$ 7,378,242</b>	<b>\$ 32,014,834</b>	<b>\$ 31,741,373</b>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 2,007,396	\$ -	\$ 2,007,396	\$ 1,935,560
Accrued payroll, vacation, sick leave and other expenses	5,861,299	-	5,861,299	3,595,018
Advances from funding agencies	581,412	-	581,412	733,082
Due to IUNC (Note 11)	526,708	-	526,708	-
Current portion of long-term debt	413,746	-	413,746	385,808
Total current liabilities	9,390,561	-	9,390,561	6,649,468
Long-term debt, less current portion	5,320,701	-	5,320,701	5,731,836
<b>Total liabilities</b>	<b>14,711,262</b>	<b>-</b>	<b>14,711,262</b>	<b>12,381,304</b>
<b>Net assets</b>				
Board designated reserve for future health insurance claims	2,502,337	-	2,502,337	397,153
Other net assets	7,422,993	7,378,242	14,801,235	18,962,916
<b>Total net assets</b>	<b>9,925,330</b>	<b>7,378,242</b>	<b>17,303,572</b>	<b>19,360,069</b>
<b>Total liabilities and net assets</b>	<b>\$ 24,636,592</b>	<b>\$ 7,378,242</b>	<b>\$ 32,014,834</b>	<b>\$ 31,741,373</b>

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

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Statements of Activities  
Year Ended June 30, 2019  
(With summarized comparative totals for 2018)

	Without Donor	With Donor	Combined Totals	
	Restrictions	Restrictions	2019	2018
<b>Revenue and contributions</b>				
Grants				
– federal, state and local agencies	\$ 63,484,115	\$ 507,170	\$ 63,991,285	\$ 61,233,427
– counties and municipalities	178,000	-	178,000	58,000
– charter schools revenues	4,619,663	-	4,619,663	4,560,083
Other revenue				
Child care fees	761,175	-	761,175	677,835
Rental income	244,290	-	244,290	161,560
Interest, investment and other income	113,975	-	113,975	70,663
Fund raising events	443,298	-	443,298	383,956
Hurricane revenue	35,390	147,041	182,431	951,207
Contributions – local				
– Agriculture	183,357	-	183,357	178,212
– United Way	17,254	-	17,254	34,000
– Other	430,348	-	430,348	401,447
– for Charter Schools	214,913	-	214,913	184,228
Donated space, materials and services	375,351	-	375,351	481,898
Donated space, materials and services	3,511,140	-	3,511,140	3,503,269
<b>Net assets released from restriction</b>	1,623,553	(1,623,553)	-	-
	76,235,822	(969,342)	75,266,480	72,879,785
<b>Functional expenses</b>				
Program services	68,814,649	-	68,814,649	66,857,022
General and administrative	8,185,008	-	8,185,008	7,654,682
Fund raising	338,042	-	338,042	346,996
	77,337,699	-	77,337,699	74,858,700
<b>Deficiency of revenues and contributions over expenses</b>	(1,101,877)	(969,342)	(2,071,219)	(1,978,915)
<b>Other increases in net assets</b>	14,722	-	14,722	25,402
<b>Change in net assets</b>	(1,087,155)	(969,342)	(2,056,497)	(1,953,513)
Net assets – beginning of year	11,012,485	8,347,584	19,360,069	21,313,582
<b>Net assets – end of year</b>	\$ 9,925,330	\$ 7,378,242	\$ 17,303,572	\$ 19,360,069

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

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Statements of Functional Expenses  
Year Ended June 30, 2019  
(With summarized comparative totals for 2018)

	Programs					Total	General and Support		Combined Totals	
	Child Care Subsidized	Head Start	Food Service	Other	Charter Schools		Administrative	Fundraising	2019	2018
Personnel costs										
Salaries	\$ 9,148,465	\$ 23,289,185	\$ 1,409,559	\$ 334,128	\$ 4,257,292	\$ 38,438,629	\$ 3,801,764	\$ 119,513	\$ 42,359,906	\$ 40,739,233
Payroll taxes and fringe benefits	2,227,379	6,463,333	434,352	77,112	1,022,119	10,224,295	856,809	23,551	11,104,655	10,801,590
Total personnel costs	11,375,844	29,752,518	1,843,911	411,240	5,279,411	48,662,924	4,658,573	143,064	53,464,561	51,540,823
Contracted services										
Child care services	940,037	909,571	88,801	-	-	1,938,409	-	-	1,938,409	1,894,379
Other	30,921	79,279	500	113,690	99,407	323,797	79,130	22,900	425,827	400,293
Food	-	-	1,466,528	-	250,241	1,716,769	-	-	1,716,769	1,713,938
Supplies *	366,895	1,372,736	81,215	12,744	162,466	1,996,056	140,761	365	2,137,182	1,954,386
Consumable equipment	233,182	822,665	1,197	4,274	49,870	1,111,188	60,357	5,033	1,176,578	933,105
Transportation	104,442	375,303	6,502	9,979	163,656	659,882	59,990	-	719,872	727,176
Out of state travel	15	13,955	-	1,606	677	16,253	41,879	-	58,132	102,361
Occupancy costs	1,118,730	3,059,317	-	606	356,828	4,535,481	614,006	708	5,150,195	4,900,401
Donated space	-	3,456,134	-	-	-	3,456,134	-	-	3,456,134	3,443,175
In state travel	64,952	178,006	13,129	6,212	18,481	280,780	104,841	8,848	394,469	383,965
Health services	5,921	101,804	-	-	90,114	197,839	37,313	-	235,152	201,699
Interest	-	-	-	-	-	-	189,728	-	189,728	161,956
Conferences and workshops	123,726	583,359	3,075	13,252	150,530	873,942	65,677	2,419	942,038	819,582
Direct costs of fundraising events	-	-	-	-	-	-	-	140,083	140,083	116,424
Scholarships	-	-	-	20,000	-	20,000	-	-	20,000	18,000
Other expenses	79,454	258,092	11	89,786	337,596	764,939	326,748	14,352	1,106,039	1,427,740
Professional fees	411	15,365	-	2,118	-	17,894	325,766	-	343,660	242,917
Repairs and maintenance	55,987	173,979	37	1,320	43,811	275,134	42,466	270	317,870	336,762
Depreciation	137,736	1,440,854	-	1,499	57,451	1,637,540	1,404,023	-	3,041,563	3,160,252
Data processing	95,757	223,733	9,622	576	-	329,688	29,983	-	359,671	376,521
Uncollected child care fees	-	-	-	-	-	-	3,767	-	3,767	2,845
Totals	\$ 14,734,010	\$ 42,816,670	\$ 3,514,528	\$ 688,902	\$ 7,060,539	\$ 68,814,649	\$ 8,185,008	\$ 338,042	\$ 77,337,699	\$ 74,858,700

\* Includes \$55,005 of donated supplies.

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

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Statements of Cash Flows  
Year Ended June 30, 2019  
(With summarized comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Combined Totals	
			2019	2018
<b>Cash flows from operating activities</b>				
Cash received from grantors and revenues	\$ 72,264,004	\$ (969,342)	\$ 71,294,662	\$ 68,366,022
Cash paid to suppliers and employees	(67,741,643)	-	(67,741,643)	(68,154,613)
Interest received	40,780	-	40,780	27,071
Interest paid	(189,728)	-	(189,728)	(161,956)
<b>Net cash provided by operating activities</b>	<b>4,373,413</b>	<b>(969,342)</b>	<b>3,404,071</b>	<b>76,524</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(489,403)	(507,170)	(996,573)	(2,251,597)
Cash set aside in sinking fund	2,065	-	2,065	(15,653)
<b>Net cash used in investing activities</b>	<b>(487,338)</b>	<b>(507,170)</b>	<b>(994,508)</b>	<b>(2,267,250)</b>
<b>Cash flows used in financing activities</b>				
Principal payments of long-term debt	(383,196)	-	(383,196)	(371,480)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,502,879</b>	<b>(1,476,512)</b>	<b>2,026,367</b>	<b>(2,562,206)</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>2,732,885</b>	<b>-</b>	<b>2,732,885</b>	<b>4,795,367</b>
Cash set aside	(2,105,184)	-	(2,105,184)	499,724
<b>Cash and cash equivalents – end of year</b>	<b>\$ 4,130,580</b>	<b>\$ (1,476,512)</b>	<b>\$ 2,654,068</b>	<b>\$ 2,732,885</b>
<b>The net change in net assets may be reconciled to net cash provided by operating activities as follows</b>				
Net change in net assets	\$ (1,087,155)	\$ (969,342)	\$ (2,056,497)	\$ (1,953,513)
Add back items which do not affect cash				
Depreciation	3,041,563	-	3,041,563	3,160,252
Unrealized gain on marketable securities	(1,336)	-	(1,336)	(8,954)
Gain on disposal of fixed assets	(13,386)	-	(13,386)	(16,448)
Add or (deduct) changes in certain assets and liabilities				
Accounts receivable	(268,228)	-	(268,228)	(1,422,451)
Prepaid expenses and other	(13,931)	-	(13,931)	(433,589)
Advances from funding agencies	(151,670)	-	(151,670)	439,028
Other assets	2,731	-	2,731	(4,173)
Due to IUNC	526,708	-	526,708	-
Accounts payable and accrued expenses	2,338,117	-	2,338,117	316,372
<b>Net cash provided by operating activities</b>	<b>\$ 2,749,860</b>	<b>\$ 654,211</b>	<b>\$ 3,404,071</b>	<b>\$ 76,524</b>

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



**Note 1 Organization and Purpose**

Redlands Christian Migrant Association, Inc. (RCMA and/or the Organization) was incorporated as a not-for-profit organization under the laws of the State of Florida in 1965. RCMA's purpose is to administer child care, and early childhood education centers for the children of migrant and seasonal farm workers whose families' total income does not exceed an amount over the poverty levels as defined by the funding agencies. RCMA achieves its purpose through a variety of programs funded substantially by federal and state grants and individual contributions.

In addition, the Organization serves as the sponsor for three charter schools with the school districts of Hillsborough County Public District School Board and the Collier County Public District School Board. The current charters are effective for a maximum of five (5) years and may be renewed by mutual written agreement between the Schools and the Districts for an additional five year period.

**Note 2 Summary of Significant Accounting Policies**

**Basis of Financial Statements Presentation and Significant Estimates**

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

**Reporting Requirements**

The accompanying financial statements include the accounts of RCMA and those of the charter schools' programs and have been prepared in accordance with generally accepted accounting principles and reporting practices for this industry. The accounts of RCMA are maintained on the accrual basis of accounting and in accordance with the principles of fund accounting, in order to ensure observance of the limitations and restrictions placed on the use of its resources. Such funds are grouped into the following categories:

**General**                      The general fund is used to reflect the Organization's unrestricted activities that are not directly related to its major programs.

**Programs**

**Type "A"**                      RCMA's type "A" Programs are those with a negotiated rate where the excess of support and revenue over expenses inure to the benefit of the Organization while the excess of expenses over support and revenue become liabilities.

**Type "B"**                      The type "B" Programs are those that are funded on a cost reimbursement basis (line item contracts) where the excess of support and revenue over expenses are available for future periods or must be refunded to the funding agencies upon termination of the programs (see net assets with donor restrictions on the following page).

**Note 2 Summary of Significant Accounting Policies (continued)**

**Reporting Requirements**

*New Accounting Pronouncement*

On August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities (NFP). Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. In addition, the financial statements include a new disclosure about liquidity and availability of resources. The new standard was effective for fiscal years beginning after December 31, 2017 with early adoption permitted. The Organization adopted this standard for the fiscal year ended June 30, 2019. The ASU has been applied retrospectively to all periods presented.

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

<b>Net Assets Without Donor Restrictions</b>	Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future health insurance claims. The unrestricted net assets class from 2018 has been reclassified to net assets without donor restrictions.
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<b>Net Assets With Donor Restrictions</b>	Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization's net assets with donor restrictions include cash for Scholarships and Hurricane Funds.
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In this connection, all donor-restricted support will be reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions will be classified as net assets without donor restrictions. Therefore, support that is restricted by the donor will be reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Reporting Requirements (continued)**

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.

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

**Comparative Financial Statements**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. In addition, the statement of functional expenses includes prior year summarized information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Estimates**

In preparing the financial statements of the Organization, management had to make estimates and assumptions that affected the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the balance sheet date, and the revenues and expenses for the period then ended. Such estimates are based on historical experience and other assumptions that are considered appropriate in the circumstances. However, actual results could differ from those estimates and these differences may be material.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Donated Space, Materials and Services**

Donated space and materials are reflected in the accompanying statements at their fair value, using a valuation based on observable quoted prices for similar assets in active markets as established by the hierarchy of fair market value measurements. Donated space absent donor restrictions are recorded as net assets without donor restrictions. Donated services have not been reflected in these statements, since they did not “create or enhance non-financial assets” or “require specialized skills” and would typically be purchased if not provided by donation as required for recognition under generally accepted accounting principles. However, these donations meet the matching requirements of various grants. A substantial number of volunteers have donated significant amounts of time to RCMA.

**Cash and Cash Equivalents**

The Organization considers investments in highly liquid debt instruments with maturity of three months or less to be cash equivalents. The Organization’s bank balances are invested daily with the bank’s investments, which are substantially Treasury bills.

**Accounts Receivable - Grants and Other**

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

**Property and Equipment**

Property and equipment is recorded at cost when purchased or constructed, or at market value when donated. The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Property and equipment acquired with certain federal funds may have to be returned to the funding agency upon termination of the program. The funds received for the purchase of such property is recorded as net assets with donor restrictions. The annual depreciation charge on those assets is reflected as net assets released from net assets with donor restrictions. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

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

**Impairment**

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long-lived assets will be written down to their fair market value with a corresponding charge to earnings. No such impairment was recorded for the year ended June 30, 2019.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Transfers**

To the extent that funds are released from their restrictions and/or designated purpose, the amounts released will be accounted for as increases in the net assets without donor restrictions.

**Income Taxes**

RCMA is organized as a not-for-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. Income taxes for such unrelated business income approximated \$38,000 and \$39,000 in 2019 and 2018, respectively. The Organization’s information returns filed with the Internal Revenue Service have not been examined in the past. The Organization is not aware of any uncertainties that could jeopardize its not-for-profit status. Therefore, no provision or liability for income taxes is deemed necessary.

RCMA follows the provisions of uncertain tax positions addressed by FAS ASC 740-10 *Accounting for Uncertainty in Income Taxes*. RCMA has no uncertain tax positions at June 30, 2019, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense, if applicable. RCMA has determined that no amount is required to be accrued for taxes or related penalties and interest for any tax position taken through June 30, 2019.

**Note 3 Liquidity and Availability**

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 5,009,364	\$ 2,947,338
Accounts receivable – grants	3,950,161	3,684,319
– other	5,380	25,514
– school boards	501,573	479,053
Current assets	825,043	811,112
Less: board designated for specific purposes	<u>(2,502,337)</u>	<u>(397,153)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,789,184</u>	<u>\$ 7,550,183</u>

**Note 3 Liquidity and Availability (continued)**

The board designated funds of \$2,502,337 and \$397,153 as of June 30, 2019 and 2018, respectively, is designated for specific purposes as described in Note 6. Although the Organization does not intend to spend from this board designated fund (other than amounts appropriated for expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**Note 4 Property and Equipment**

Property and equipment comprise the following:

	June 30,		Useful Life (Years)
	<u>2019</u>	<u>2018</u>	
Land	\$ 2,343,778	\$ 2,365,077	
Construction in progress	351,023	-	
Building and improvements	36,065,301	36,065,301	8 to 20
Leasehold improvements	12,594,471	12,251,045	3 to 5
Modular classrooms	871,729	871,729	3 to 5
Kitchen equipment	1,301,313	1,277,807	3 to 5
Program equipment	3,860,262	3,714,764	3 to 5
Transportation equipment	4,205,134	4,523,854	3 to 5
Office equipment	1,024,327	1,078,506	3 to 5
	<u>62,617,338</u>	<u>62,148,083</u>	
Less accumulated depreciation	<u>42,170,772</u>	<u>39,669,912</u>	
	<u>\$ 20,446,566</u>	<u>\$ 22,478,171</u>	

Depreciation expense amounted to \$3,041,563 and \$3,160,252 for 2019 and 2018, respectively.

**Note 5 Long-Term Debt**

Long-term debt consists of the following:

	June 30,	
	<u>2019</u>	<u>2018</u>
Bonds payable (1)	\$ 2,020,000	\$ 2,225,000
Line of credit converted to term note (2)	1,798,970	1,840,872
Mortgage payable (3)	648,003	715,404
Variable rate term loan (4)	1,267,474	1,336,368
	<u>5,734,447</u>	<u>6,117,644</u>
Less current portion (inclusive of sinking bonds requirements)	413,746	385,808
	<u>\$ 5,320,701</u>	<u>\$ 5,731,836</u>

- (1) The bonds payable were originally requested for \$4,400,000 Collier County Industrial Development Authority (the Authority) 25 years, Series 2001 Bonds, for the purpose of lending RCMA the proceeds from the sale of such bonds to construct an educational and social service center in Immokalee, Florida. In this connection, RCMA entered into two simultaneous agreements: 1) a loan agreement with the Authority and 2) a letter of credit and reimbursement agreement with a bank. The agreement with the bank provided for the opening of an irrevocable direct payment letter of credit in the amount of \$4,450,630 in favor of a trustee appointed by the Authority, responsible among other things, for the collection of the amounts due from RCMA. RCMA will pay the bank .5% of the amount available under the letter of credit agreement computed as specified in the agreement. In addition, the letter of credit and reimbursement agreement provided for RCMA to set-up a sinking fund to cover the payment of the principal due on the bonds. RCMA's originally scheduled monthly payment into the sinking fund, which started on December 1, 2002 at \$7,500 a month, was to escalate each year up to \$26,250 a month in the year that the bonds were to mature (2026). However, RCMA has made advanced payments into the sinking fund, and the trustee and RCMA agreed to reduce the amount of the bonds payable and change the scheduled payments into the sinking fund. The payment schedule detailed above reflects the new sinking fund requirements for the retirement of the bonds payable. RCMA's sinking fund balance at June 30, 2019 is utilized to cover the sinking fund requirements for 2019.

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

Redlands Christian Migrant Association, Inc.

(A Not-For-Profit Organization)

Notes to Financial Statements

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**Note 5 Long-Term Debt (continued)**

The agreement with the bank provides for certain reporting requirements, the maintenance of a fixed charge coverage ratio, and limits RCMA additional borrowings to \$300,000 without the bank's previous written consent. The bank will retain a security interest on the building and on the sinking funds. As of year-end, the Organization is not in compliance with its restrictive covenants. The bank has issued a waiver for these restrictive covenants.

- (2) In 2015, the Organization obtained a \$1,914,200 line of credit to finance the construction of the Dover Child Development Center. In this connection, upon completion of the construction in 2016, the Organization procured a 30-year term loan from the United States Department of Agriculture-Rural Development, secured by the Organization's real property, to pay-off the existing line of credit. The term loan is due \$6,853 a month at 2.813% interest a year until September 2046.
- (3) In 2017, the Organization borrowed \$810,000 secured by the Organization's real property to finance the construction of the South Highlands Child Development Center. The mortgage is due \$5,912 of principal a month at 3.750% interest a year until April 2021. In any event, on the last day of the Repayment Period, the Organization will repay the remaining principal balance plus any interest then due.
- (4) In 2017, the Organization borrowed \$1,400,000 to acquire the real property located at 440 Academy Drive, Mulberry, Florida. The term loan is due on a monthly incremental principal basis at a LIBOR Daily Floating Rate plus 2.50% interest a year until July 2022. Interest rate at year end amounted to 4.90%. In any event, on the last day of the Repayment Period, the Organization will repay the remaining principal balance plus any interest then due. As of year-end, the Organization is not in compliance with its restrictive covenants. The bank has issued a waiver for these restrictive covenants.

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

Years Ending June 30,	Sinking Fund Payments	Maturities of Long-term Debt	Total
2021	\$ 238,750	\$ 697,081	\$ 935,831
2022	250,833	123,207	374,040
2023	263,750	1,074,884	1,338,634
2024	278,750	41,902	320,652
2025	293,750	41,902	335,652
Thereafter	468,334	1,547,558	2,015,892
	<u>\$ 1,794,167</u>	<u>\$ 3,526,534</u>	<u>\$ 5,320,701</u>



## **Note 6 Commitments and Contingencies**

### **Commitments**

The Organization conducts a portion of its operations from leased facilities under month-to-month operating leases. Rent expense aggregated to \$3,477,010 and \$3,456,564 inclusive of \$3,456,134 and \$3,443,175 of donated space for 2019 and 2018, respectively.

### **Contingencies**

The Organization is subject to federal, state and local government audits. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. In management's opinion, there will be no adjustments resulting from future audits on grant periods through June 30, 2019, which will have a material effect on the financial statements.

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

### **Credit Risk**

The Organization's cash balances during the year were in excess of the federal insured limits of \$250,000. At June 30, 2019, the Organization's cash in excess of the federally insured limit approximated \$3,800,000. The Organization has not experienced losses to its cash and cash equivalents and management believe that it is not exposed to significant risks in this regard.

### **Self-Funded Health Insurance**

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

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

**Note 6 Commitments and Contingencies**

**Self-Funded Health Insurance (continued)**

The period costs are always adjusted for an estimate of the participants' medical claims incurred but not processed as of the end of each fiscal year and actual results. The Organization's cost of health benefits for participants amounted to \$4,978,082 and \$5,226,377 for the years ended June 30, 2019 and 2018, respectively, which has been included in payroll taxes and fringe benefits in the statement of functional expenses. As of June 30, 2019 and 2018 the Organization has included in accrued payroll, vacation and sick leave and other expenses and in cash set aside for future health benefits on the statement of position, a total amount of \$2,502,337 and \$397,153, respectively, in order to cover the unpaid claims at the end of the respective years.

**Note 7 Employees' 403 (b) Thrift Plan**

The Organization's Thrift Plan provides that all eligible employees may contribute up to 20% of their salary. RCMA matches employee contributions based on employee's length of employment up to 5%. In addition, RCMA has a similar defined contribution plan for the certified teachers in the charter schools (a program of RCMA) at slightly higher matching requirements. In addition, eligible employees may also contribute into a ROTH IRA which RCMA also matches. Pension plan expenses for the years ended June 30, 2019 and 2018 aggregated to \$971,208 and \$868,313 respectively.

**Note 8 Matching Funds Requirement**

As further explained in Note 2 to the financial statements, RCMA receives most of its funds from two types of contracts (performance and line item reimbursement contracts). Such contracts require that a portion of the total program cost be contributed by other sources as defined by the contract and/or regulations (matching funds).

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

	Amount
Head Start – Migrant Head Start	\$ 3,115,120
Head Start and Early Head Start	2,863,705
Migrant Early Head Start CCP	425,745
Early Head Start Expansion	108,597
School Readiness	590,430
Child Care Executive Partnership	432,923
Match required	7,536,520
Eligible match submitted	8,091,062
Surplus match	\$ 554,542

**Note 9 Business and Credit Concentration**

RCMA's childcare business is concentrated in the rural areas of Florida and is impacted by the general economy. The demand for child care services in rural Florida and the continuous number of eligible children on waiting lists is indicative of a strong base in the business of child care centers. However, RCMA's childcare services are substantially paid for by government grants. For the year ended June 30, 2019, RCMA revenues derived from state and federal grants approximated to \$64,000,000 or 84% of total revenues and contributions. Governmental work may be significantly impacted by budget allocations and consequently an adverse change in any of these factors could affect the Organization's operations.

**Note 10 Designated For Endowment Fund**

RCMA has been named the beneficiary of endowment funds held by the Community Foundation of Collier County (Collier) and administers funds held by the Community Foundation of Tampa Bay (Tampa) for the benefit of farm worker families' education. Funds from Collier County are to be used in RCMA's operations or programs (net assets without donor restrictions). At June 30, 2019, the balance in such endowment amounted to \$15,926. The amount of funds received from Tampa in fiscal year 2019 but not yet disbursed is included in cash with donor restrictions in the accompanying statement of position. The funds received from the Tampa endowment funds are used by RCMA to provide scholarships to individuals from farm worker backgrounds. Recipients of scholarship funds are selected by an independent committee made up of RCMA's staff and board members. The balance remaining in the Tampa endowment at June 30, 2019 amounted to \$483,360.

**Note 11 Hurricane Funding**

During the current fiscal year ended June 30, 2019 the Organization received Hurricane funding to help families that experienced losses from such natural disaster in Florida. These monies have been reflected in the Statement of Activities as hurricane revenue and amounted to \$182,431. In addition, the Organization entered into an agreement to disburse hurricane funds, as a pass-thru entity, on behalf of another Organization. The undisbursed funds of \$526,708 has been reflected as a Due to IUNC in the Statement of Position as of June 30, 2019.

**Note 12 Funding Agency Uncertainty**

In July 2018, the State of Florida's Office of Early Learning (OEL) upgraded their software system which lacked critical functionality in order for RCMA to properly process School Readiness and VPK reimbursements. RCMA was not able to report eligible participants through the system for the entire fiscal year. This caused RCMA to implement new procedures to substitute for the reporting required under such software. Although OEL did not instruct any of the Organizations receiving funding from them as to what procedures to use, they suggested that they implement safeguards to make sure that the reporting of eligible participants was accurately accounted for. Management feels that the safeguards implemented will not generate significant discrepancies once the software system is functioning. In this connection, management is of the opinion that any under/over statements on their part should not be recognized as a liability or receivable as the probable outcome cannot be estimated. The functional issues of OEL's system have not been corrected as of the date of this report.

**Note 13 Subsequent Events**

Subsequent events have been evaluated through March 16, 2020 which is the date the financial statements were available to be issued.

## **Supplementary Information**

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Schedule of Expenditures of Federal Awards and  
State Financial Assistance  
Year Ended June 30, 2019

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Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	CFDA/ CSFA Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
<b><u>Federal Major Programs:</u></b>				
<b><u>U.S. Department of Health and Human Services (HHS)</u></b>				
<b><u>Passed through Office of Early Learning</u></b>				
School Readiness - Child Care Development Fund (CCDF)-Matching	93.596	SR556	\$ 4,078,004	
CCDF GR Match	93.596	SR556	3,059,081	
			<u>7,137,085</u>	
School Readiness - Child Care Development Fund (CCDF)-Discretionary	93.575	SR556	6,237,486	
	93.596/93.575 cluster		Total	13,374,572
SSBG	93.667	SR556	8,035	
<b><u>State Major Programs:</u></b>				
<b><u>Office of Early Learning</u></b>				
<b><u>Passed through Early Learning Coalition of Southwest Florida</u></b>				
Voluntary Pre-Kindergarten Education Program	48.108			\$ 1,771,594
			<u>\$ 13,382,607</u>	<u>\$ 1,771,594</u>

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

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Schedule of Expenditures of Federal Awards and  
State Financial Assistance (Continued)  
Year Ended June 30, 2019

Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	CFDA/ CSFA Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
Total from previous page			\$ 13,382,607	\$ 1,771,594
<b><u>Non-Major Programs:</u></b>				
<b><u>U.S. Department of Health and Human Services (HHS):</u></b>				
Head Start	93.600	04CH4724-05-00	9,488,716	
Early Head Start	93.600	04CH4724-05-00	7,583,709	
Migrant Head Start	93.600	90CM9809-04-02 & 90CM9809-05-00	20,840,665	
Early Head Start Child Care Partnership Migrant Head Start	93.600	90HM0004-03-00 & 90HM0004-04-00	3,884,321	
			41,797,411	
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed through the Florida Department of Health</i>				
Child and Adult Care Food Programs	10.558	S-0557	3,592,602	
<b><u>Florida Department of Education</u></b>				
<b><u>School Board</u></b>				
<i>Passed through Highlands County</i>			5,158	
<i>Passed through Glades County</i>			76,547	
<i>Passed through Hardee County</i>			40,768	
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b><u>Community Block Grant</u></b>				
<i>Passed through Hillsborough County</i>			14,218	54,519
<i>Passed through Palm Beach County</i>			14,218	14,458
			68,977	
<b><u>U.S. Department of Education</u></b>				
<i>Passed through State of Florida Department of Education</i>				
Title I	84.010		392,788	
National School Lunch	10.555		426,016	
School Breakfast Program	10.553		198,827	
Fresh Fruit and Veg. (FFVP)	10.582		23,450	
<i>Passed through Collier and Hillsborough County School Boards</i>				
Capital Outlay			480,152	
			\$ 60,485,303	\$ 1,771,594

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

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Schedule of Expenditures of Federal Awards and  
State Financial Assistance (Continued)  
Year Ended June 30, 2019

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Federal Grantor/State Agency Pass-Through Entity/ Federal Program/State Project	CFDA/ CSFA Number	Grantor's Number	Federally Funded Expenditures	State Funded Expenditures
Total from previous page			\$ 60,485,303	\$ 1,771,594
<b><u>Nonmajor Programs: (continued)</u></b>				
<b><u>Federal Communications Commissions</u></b>				
<i><u>Passed through Universal Services</u></i>				
<i><u>Administrative Company - School and Library</u></i>				
E-Rate			109,176	
<b><u>Other Assistance:</u></b>				
<i><u>Department of Health and Human Services</u></i>				
<i><u>Passed through</u></i>				
Early Learning Coalition of Florida Heartland			21,960	
Early Learning Coalition of Pasco & Hernando Counties			47,583	
Episcopal Children's Services			1,402	
Early Learning Coalition of Indian River Martin and Okeechobee County			30,075	
Early Learning Coalition of Southwest Florida			8,474	
Early Learning Coalition of Marion County			4,632	
Early Learning Coalition of Palm Beach			51,702	
			\$ 60,760,307	\$ 1,771,594

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



**Note 1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal and state award programs of Redlands Christian Migrant Association, Inc. (the Organization) for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations, and Rules of the State of Florida Office of the Auditor General Chapter 10.650 under Section 215.97 of the Florida Statutes. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of RCMA.

**Note 2 Summary of Significant Accounting Principles**

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

**Note 3 Contingencies**

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the Organization does not believe that such disallowances, if any, would have a material effect on the financial position of the Organization. As of June 30, 2019, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

**Note 4 Subrecipients**

The Organization records expenditures of federal programs and state projects when paid in cash to a pass-through entity. For the year ended June 30, 2019, the Organization did not pass-through any funds to subrecipients as reflected in the Schedule.

**Note 5 Indirect Cost**

The Schedule includes a portion of allocated costs from a federally approved indirect cost plan. The rate approved for RCMA for the year ended June 30, 2019 is 15% of salaries. The rate is considered a provisional rate which is used when a final, predetermined or fixed rate has not been established for a guarantee. Although the approved rate for RCMA is 15%, not all grants pay this percentage. Grants not using the predetermined rate did not elect to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Schedule I – Grants from Federal, State, and Local Agencies  
Years Ended June 30, 2019 and 2018

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	Years Ended June 30,	
	<u>2019</u>	<u>2018</u>
<b>State of Florida</b>		
Office of Early Learning		
School Readiness		
At-risk Low Income Children	\$ 12,760,662	\$ 11,908,250
Caring for Kids	135,577	131,857
Inclusion	61,846	59,893
Child Care Executive Partnership	432,923	375,563
<i>Passed through Early Learning Coalition of Southwest Florida</i>		
Voluntary Pre – Kindergarten Education Program	1,771,594	1,816,826
U.S. Department of Education		
Title I	392,788	367,223
National School Lunch	624,844	585,579
Fruit / vegetable	23,450	25,644
E-Rate	109,176	161,668
<i>Passed through Hillsborough/Collier School Boards</i>		
Capital Outlay	480,152	107,414
State of Florida – Department of Health, Food and Nutrition Management		
Food program	3,592,602	3,406,580
Department of Health and Human Services		
Head Start	9,488,716	9,218,308
Early Head Start	7,583,709	7,009,354
Migrant Head Start	20,840,665	19,445,309
Early Head Start Child Care Partnership	3,884,321	4,365,313
Episcopal Children's Services CCP	-	405,131
Local School Boards		
Hendry County – Early Childhood Teen Parent	-	4,620
Highlands County School Board – Teen Parent	5,158	5,679
Hardee County School Board – Teen Parent	40,768	39,200
Glades County School Board	76,547	57,160
Subtotals	<u>62,305,497</u>	<u>59,496,571</u>

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Schedule I – Grants from Federal, State, and Local Agencies  
Years Ended June 30, 2019 and 2018

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	Years Ended June 30,	
	<u>2019</u>	<u>2018</u>
<b>Subtotals from previous page</b>	<b>62,305,497</b>	59,496,571
Department of Health and Human Services		
<i>Passed through</i>		
Early Learning Coalition of Florida Heartland	21,960	40,457
Episcopal Children's Services	1,402	4,812
Early Learning Coalition of Pasco & Hernando Counties	47,583	45,504
Early Learning Coalition of Indian River Martin and Okeechobee County	30,075	22,052
Early Learning of Marion County	4,632	3,641
Early Learning Coalition of Miami Dade / Monroe County	-	25,479
Early Learning Coalition of Palm Beach County	51,702	49,772
Early Learning Coalition of Southwest Florida	8,474	16,439
U.S. Department of Housing and Urban Development		
Community Block Grant		
<i>Passed through</i>		
Hillsborough County	54,519	54,620
Palm Beach County	14,458	10,788
Other Local Agencies		
Children Services Council	183,252	92,679
Indian River County Childrens Service Advisory	52,080	68,822
Naples Children Education Foundation	480,950	536,321
The Children's Trust	100,589	150,000
Others	634,112	615,470
	<u><u>\$ 63,991,285</u></u>	<u><u>\$ 61,233,427</u></u>

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Schedule II – Grants – Counties and Municipalities  
Schedule III – Contributions – United Way  
Schedule IV – Contributions – Other  
Years Ended June 30, 2019 and 2018

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**Schedule II**  
**Grants – Counties and Municipalities**

	Years Ended June 30,	
	<u>2019</u>	<u>2018</u>
Metropolitan Dade County	<u>\$ 178,000</u>	<u>\$ 58,000</u>

**Schedule III**  
**Contributions – United Way**

United Way		
– Collier County	\$ 50,125	\$ 35,875
– Indian River County	25,758	23,531
– Lee, Hendry and Glades	18,250	12,500
– Miami-Dade County	147,997	147,775
– Suncoast	188,177	181,270
– Others	41	496
	<u>\$ 430,348</u>	<u>\$ 401,447</u>

**Schedule IV**  
**Contributions – Others**

Parent donations**	\$ 1,381	\$ 83,374
Center donations**	68,569	-
	<u>\$ 69,950</u>	<u>\$ 83,374</u>

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

## **Reporting Section**



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Redlands Christian Migrant Association, Inc. (RCMA) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2020.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RCMA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

***ZOMMA Group, LLP***

ZOMMA Group, LLP  
Coral Gables, Florida  
March 16, 2020



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

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

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the Redlands Christian Migrant Association, Inc.’s (RCMA) (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on each of RCMA’s major federal programs and state projects for the year ended June 30, 2019. RCMA’s major federal programs and state projects are identified in the summary of auditor’s result section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of RCMA’s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about RCMA’s





compliance with those requirements and performing such other procedures as we considered necessary in those circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of RCMA's compliance.

### ***Opinion of Each Major Federal Program and State Project***

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, 2019.

### **Report on Internal Control Over Compliance**

Management of RCMA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on page 1. In planning and performing our audit of compliance, we considered RCMA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RCMA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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

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

We have audited the financial statements of Redlands Christian Migrant Association, Inc. as of and for the year ended June 30, 2019, and have issued our report thereon dated March 16, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance (pages 18-20) is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

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

*ZOMMA Group, LLP*

ZOMMA Group, LLP  
Coral Gables, Florida  
March 16, 2020

Redlands Christian Migrant Association, Inc.  
 (A Not-For-Profit Organization)  
 Schedule of Findings and Questioned Costs  
 Summary of Auditor's Results  
 June 30, 2019

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

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
93.575 / 93.596	School Readiness
<b>CSFA Number(s)</b>	<b>Name of State Project</b>
48.108	Voluntary Pre-Kindergarten Education Program

8. For the June 30, 2019, Single Audit, the threshold used to distinguish between Type A and Type B programs was \$1,824,986 for major federal programs and \$300,000 for major state projects.
9. RCMA was determined to be a low-risk audit.
10. There were no items relating to State financial assistance required to be reported in a management letter.

Redlands Christian Migrant Association, Inc.  
(A Not-For-Profit Organization)  
Schedule of Findings and Questioned Costs  
Summary of Auditor's Results  
June 30, 2019

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11. No exceptions were found in testing RCMA's monthly reconciliation of its financial records to the state wide school readiness data and reporting system. Monthly reconciliations were performed by RCMA in a timely and satisfactory manner.

**Findings – Financial Statements Audit**

None

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

None

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

None