Miami-Dade County Public Schools
giving our students the world

May 6, 2009

Members of The School Board of Miami-Dade County, Florida
Members of The School Board Audit Committee
Mr. Alberto M. Carvalho, Superintendent of Schools

Ladies and Gentlemen:

The audited financial statements for Lincoln Marti Community Agency, Inc. for their fiscal year ended December 31, 2008, are attached for your review. The agency submitted the audit in compliance with their contract for 2007-2008, when they operated an alternative education program. This community based organization does not currently operate an alternative education program for the School Board.

The independent auditors expressed their unqualified opinion on the organization's financial statements. Additional information in the report indicates the agency served 43 alternative education students at a cost of $129,380.

Sincerely,

José F. Montes de Oca

Jose F. Montes de Oca, CPA, Interim Chief Auditor
Office of Management and Compliance Audits

JFM:la
L005

cc: Mr. Freddie Woodson
Dr. Richard H. Hinds
Ms. Martha M. Montaner
Mr. Antonio Martinez

Office of Management & Compliance Audits
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LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
FINANCIAL STATEMENTS AND REPORT REQUIRED
UNDER *GOVERNMENT AUDITING STANDARDS*
AND THE SINGLE AUDIT ACT
DECEMBER 31, 2008 AND 2007

GLSC & COMPANY, PLLC
certified public accountants

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
FINANCIAL STATEMENTS AND REPORT REQUIRED
UNDER *GOVERNMENT AUDITING STANDARDS*,
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DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lincoln Marti Community Agency, Inc.
Miami, Florida

We have audited the accompanying statements of financial position of Lincoln Marti Community Agency, Inc., (a nonprofit Organization) ("the Agency") as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated March 31, 2009, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the financial statements of the Agency taken as a whole. The Statements of Functional Expenses on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the financial statements of the Agency. The accompanying Schedule of Expenditures of Federal Awards on page 17 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the financial statements. The Statements of Functional Expenses and the Schedule of Expenditures of Federal Awards have been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

GLSC and Company PLLC

March 31, 2009

LINCOLN MARTI COMMUNITY AGENCY, INC.

(a nonprofit organization)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

ASSETS

	2008	2007
Cash	$ 655,235	$ 742,666
Grants receivable	1,017,058	1,168,566
Prepaid insurance	167,820	206,692
Property and equipment (net of Accumulated Depreciation of $1,185,736 and $1,061,548)	2,738,424	2,612,469
TOTAL ASSETS	$ 4,578,537	$ 4,730,393

LIABILITIES AND UNRESTRICTED ASSETS

	2008	2007
LIABILITIES		
Accounts payable	$ 358,081	$ 318,677
Insurance payable	109,362	1,608
Accrued salaries	813,855	884,345
Payroll taxes payable	117,239	632,163
Due to related party	1,444,231	1,001,151
Loan payable	22,020	55,238
TOTAL LIABILITIES	2,864,788	2,893,182
UNRESTRICTED NET ASSETS	1,713,749	1,837,211
TOTAL LIABILITIES AND NET ASSETS	$ 4,578,537	$ 4,730,393

The accompanying notes are an integral part of these financial statements

LINCOLN MARTI COMMUNITY AGENCY, INC.

(a nonprofit organization)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2008	2007
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUES		
Local Municipal Government		
Miami-Dade County	$ 7,625,948	$ 7,879,897
Miami-Dade County Public Schools	1,540,949	766,408
The Children's Trust	89,196	-
Federal and State Grants	3,316,641	3,249,441
Tuition Fees	3,770,345	3,630,571
Miscellaneous	52,025	216,359
TOTAL UNRESTRICTED REVENUES	16,395,104	15,742,676
EXPENSES		
Program services		
Child Care Program	11,791,801	10,921,331
Meals Program	3,123,427	2,977,287
Alternative Program	129,380	112,083
Supporting services		
Management and General	1,420,701	1,361,985
Fundraising	53,257	40,043
TOTAL EXPENSES	16,518,566	15,412,729
CHANGE IN NET ASSETS	(123,462)	329,947
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	1,837,211	1,507,264
UNRESTRICTED NET ASSETS AT END OF YEAR	$ 1,713,749	$ 1,837,211

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

LINCOLN MARTI COMMUNITY AGENCY, INC.

(a nonprofit organization)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (123,462)	$ 329,947
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	124,188	134,767
(Increase) decrease in assets:		
Grants receivable	151,508	(480,366)
Prepaid insurance	38,872	(24,874)
Increase (decrease) in liabilities:		
Accounts payable	39,404	132,653
Due to related party	443,080	757,999
Payroll taxes payable	(514,924)	484,962
Insurance payable	107,754	(114,698)
Accrued salaries	(70,490)	26,449
Total adjustments	319,392	916,892
Net cash provided by operating activities:	195,930	1,246,839
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Leasehold improvements	(235,661)	(688,951)
Acquisition of Equipment	(14,482)	-
Net cash (used in) investing activities	(250,143)	(688,951)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	-	55,238
Loan payments	(33,218)	(17,854)
Net cash (used in) provided by financing activities	(33,218)	37,384
NET (DECREASE) INCREASE IN CASH	(87,431)	595,272
CASH AT BEGINNING OF YEAR	742,666	147,394
CASH AT END OF YEAR	$ 655,235	$ 742,666

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

1. NATURE OF ORGANIZATION

Lincoln Marti Community Agency, Inc., ("the Agency") is a not-for-profit organization incorporated under the laws and statutes of the State of Florida with the mission to provide childcare, education and nutrition to socially and economically disadvantaged children and their families in Miami-Dade County, Florida. The Agency operates and manages the following programs:

Child Day Care

The daycare program provides daycare services for children from 0 to 6 years of age. Eligibility to participate in the program is determined by Miami-Dade County. The major goals of these services are to prevent abuse, neglect or exploitation of children, to assist families to become or remain economically self-sufficient, and to prepare children to enter school ready to learn. The program is funded mainly by the U.S. Department of Health and Human Services and The State of Florida Department of Children and Families by way of Miami-Dade County Department of Human Services Division of Child Development Services.

The Voluntary Prekindergarten Education Program (VPK) is a school year program or a summer program of at least 540 and 300 instructional hours, respectively.

Meals

The Child and Adult Care Food Program ("CACFP"), The School Breakfast Program ("SBP") and The National School Lunch Program ("NSLP") are federally funded programs administered by the U.S. Department of Agriculture ("USDA"), which provides financial assistance to initiate, maintain and expand nonprofit food service programs for eligible children who are enrolled in institutions that provide day care. Participants in CACFP, SBP and NSLP are classified in one of the following three meal eligibility categories: free, reduced-price, or non-needy, according to certain income and household size guidelines established by the USDA. The CACFP program is administered by the State of Florida Department of Health; SBP and NSLP by the State of Florida Department of Education.

Alternative School

Funded by the School Board of Miami-Dade County, the Agency serves students eligible to participate as determined by Miami-Dade County School Board from 6th to 8th grade that face educational difficulties in a traditional school setting. In addition to offering the students the state required academic curriculum, the program promotes active parental involvement and specialized instruction.

Enrollment and Grade Configuration as of December 31,

Address	Grades	Enrollment 2008	Enrollment 2007
931 SW 1st Street Miami, Fl	6th, 7th and 8th	24	23

Alternative School (Continued)

Address	Grades	Enrollment 2008	2007
1750 E 4th Avenue Hialeah, Fl	6th, 7th and 8th	14	14
28800 SW 152nd Avenue Miami, Fl	6th, 7th and 8th	6	6

The principal for the Alternative Outreach Program is Dr. Arminda M Espinosa.

The Lincoln Marti Alternative Outreach Program operates under a common Board of Directors. The following represents the Board members of the school as of December 31, 2008:

Name	Title
Dr. Arminda Mari Espinosa	President & Treasurer
Dr. Dominica Alcantara	Vice President & Security
Mr. Samuel Reiner	Director

Out of School Program

The Agency's Out of School Program funded by the Children's Trust, provides out-of-school services for 65 general population children ages 5 to 13 yrs residing in Little Havana and Leisure City. The program offers fun, engaging and enriching activities for the participants' literacy and tutoring support, physical fitness, art, and technology education. The program is open during the school year for after school care and operates for full days during the weekdays when school is out. The program expenses for the Out of Scholl Program can be found within the Child Care Program expenses.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statements Presentation

The financial statements for the Agency are presented in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations."

Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Agency is required to present a statement of cash flows.

The Agency follows SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In addition, the Agency recognizes only those contributed services which are provided by individuals possessing "specialized skills".

As of December 31, 2008 and 2007, the Agency had no permanently or temporarily restricted net assets.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Accounting

The financial statements of the Agency have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Restricted, Unrestricted Revenue, Support and Exchange Transactions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions; unrestricted support increases unrestricted net assets. Exchange transactions are recognized in the period the amount is realized and earned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the period. Actual results could differ from those estimates. Significant estimates by management include the allocation of expenses between the Agency, and a related entity, Lincoln Marti School and the allocation of expenses among the different activities of the Agency. It is at least reasonably possible that management's opinion on these estimates will change in the near term.

Allowance for Doubtful Accounts

Management believes that all receivables are collectible within one year; therefore, the Agency has not included a provision for uncollectible accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made. There were no uncollectible accounts during the year.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Statements of Cash Flows

For purposes of reporting cash flows, cash includes cash on hand, demand deposits, and cash invested in overnight repurchase accounts.

Property and Equipment

Purchases of depreciable assets are recorded at cost. Normal repairs and maintenance are charged to expense as incurred. Depreciation is recorded as an expense of the Unrestricted Net Assets and is computed on the straight-line method over a 5 - 39 year estimated useful life. The Agency capitalizes assets with a cost greater than $1,000 and a useful life greater than one year.

The Agency does not record in the statements of financial position assets held and used in operations with a cost of approximately $1,947,859. The assets were provided by Miami-Dade County Public Schools (See Note 10). The title of these assets is vested in the grantor and the usage is recorded as an in-kind donation. During the year ended December 31, 2008 and 2007, the Agency recorded $1,339,279 and $608,580, respectively, as revenue and expense as the fair value of the usage of the assets used in operations.

Income Taxes

The Agency is exempt from income tax under Internal Revenue Code Section 501(c) (3). Accordingly, no provision for income taxes is made in the financial statements.

Functional Classification and Allocation of Expenses

The Agency allocates its expenses on a functional basis among its various programs. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expense classification. Other expenses that are common to several programs are allocated based on various relationships. Management and support include expenses that are not directly identifiable with any specific function but provide for the overall direction of the Agency.

Reclassifications

Certain amounts in 2007 have been reclassified to conform to 2008 presentation.

3. **GRANTS RECEIVABLE**

The breakdown of the total grants receivable was as follows at December 31:

	2008	2007
Miami-Dade County	$ 518,491	$ 600,944
Florida Department of Health	256,139	567,622
Miami-Dade County	207,637	-
Others	34,791	-
	$ 1,017,058	$ 1,168,566

4. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	2008	2007
Furniture and equipment	$ 407,944	$ 442,213
Machinery and equipment	209,332	160,581
Leasehold improvements	3,105,083	2,869,422
Computers	76,695	76,694
Buses and vans	125,106	125,107
	3,924,160	3,674,017
Less: Accumulated Depreciation	(1,185,736)	(1,061,548)
	$ 2,738,424	$ 2,612,469

5. **CONCENTRATION OF CREDIT RISK**

During the years ended December 31, 2008 and 2007, the Agency had instances of excess deposits in the aggregate over the insurance provided by the bank under the Federal Deposit Insurance Corporation. In the fall of 2008, Congress temporary increases the basic FDIC insurance coverage limit from $100,000 to $250,000 through December 31, 2009. At December 31, 2008 and 2007, the Agency maintained deposits in a bank totaling $519,381 and $791,432, respectively, in the aggregate over the 250,000 and $100,000 insurance provided by the bank under the Federal Deposit Insurance Corporation, respectively.

6. **LOAN PAYABLE**

	December 31, 2008	2007
Note payable to U.S. Small Business Administration, secured by machinery, equipment and fixtures, with interest at a rate of 4.75% per annum, maturing July 6, 2009, with monthly payments of principal and interest of approximately $2,939.	$ 22,020	$ 55,238

Future principal payments under this debt are as follows:

Fiscal year ending December 31:	
2009	$ 22,020

7. **CURRENT VULNERABILITY DUE TO CONCENTRATION**

Lincoln Marti Community Agency, Inc. has adopted SOP 94-6, which requires disclosure of vulnerable concentration of exposed risk. It is reasonably possible that in the near term these programs could cease, which could cause a severe impact on the Agency and its ability to continue operations. The Agency does not expect in any way that the support from any of these governmental agencies will be lost in the near term, through the years the Agency have never lost a Grantor. The concentration of revenue sources is detailed below:

Revenue Source	Program	2008	2007
Miami-Dade County	Child Care	47 %	50 %
Florida Pride	Tuition Fees	23 %	23 %
State of Florida	Meals	20 %	21 %

8. **RELATED PARTY TRANSACTIONS**

D.P. Real Estate Holdings, LLP

The Agency leases properties from D.P. Real Estate Holdings, LLP for its various programs. The Agency is responsible for the repairs and maintenance of the properties. The lease term is for a period of five years, expiring in 2010, and includes a provision for escalating annual rentals based on the Consumer Price Index. The Agency's rent expenses for each the years ended December 31, 2008 and 2007 was $1,680,000.

Minimum required future rental payments under this operating lease as of December 31, 2008 are as follows:

2009	$ 1,680,000
2010	1,680,000
	$ 3,360,000

Lincoln Marti Schools, LLC

The Agency shares the buildings and employees used by the different programs with Lincoln Marti Schools, LLC (the "Schools"). During the years ended December 31, 2008 and 2007, the Agency's management allocated all direct expenses to the corresponding entity and remaining expenses, that are common to both entities, are allocated based on the relationship of students during the year.

During the year ended December 31, 2008, as a result of the allocation of the expenses among the entities and loan payments, the amount due to related parties increased approximately $478,314. As a result of these transactions, there was approximately $ 1,444,231 and $1,001,151 due to Schools as of December 31, 2008 and 2007, respectively. The amounts are unsecured non-interest bearing and due on demand.

9. **CONTINGENCIES**

The Agency receives grants from the United States Departments of Agriculture pass-through the State of Florida Department of Health Child and Adult Care Program and the State of Florida Department of Education. These grants require compliance with certain provisions stated in their instruments of grant. Failure to comply with these provisions could result in the return of funds to grantors. Although this is a possibility, management deems the contingency remote since, in their opinion; the Agency has fully complied with the provisions of the grants.

10. **MIAMI-DADE COUNTY PUBLIC SCHOOLS TITLE I**

MDCPS purchases assets and then lends them to the Agency to use as long as the Agency is in the Title I Program. The Agency is responsible for maintaining the assets and needs to communicate to MDCPS regarding the disposition of any property, materials, or equipment that has become irreparable or obsolete for MDCPS to dispose of it. MDCPS maintains perpetual title to all assets on a cost-basis (See Note 2).

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Child Care	Meals	Alternative	Total Program Services	Management And General	Fundraising	Total Expense December 31, 2008
Alarm and Security	$ 43,698	$ 9,671	$ 461	$ 53,830	$ 6,433	$ -	$ 60,263
Dues and Subscriptions	2,390	-	21	2,411	352	-	2,763
Equipment Rental	1,701	377	18	2,096	250	-	2,346
Insurance	506,815	112,169	5,369	624,353	74,611	2,666	701,630
Licenses	30,894	-	268	31,162	4,462	-	35,624
Miscellaneous	43,777	239	382	44,398	36,926	11,453	92,777
Office	48,801	-	423	49,224	7,184	257	56,665
Professional Fees	66,181	9,360	655	76,196	-	-	76,196
Rent	1,218,158	269,605	12,906	1,500,669	179,331	-	1,680,000
Repairs and Maintenance	168,221	17,425	1,608	187,254	14,028	415	201,697
Supplies	1,430,731	1,094,587	21,906	2,547,224	2,027	73	2,549,324
Taxes	558,459	109,415	5,794	673,668	72,907	1,827	748,402
Telephone	163,428	-	1,418	164,846	24,059	861	189,766
Transportation	605,341	-	5,251	610,592	-	-	610,592
Utilities	424,182	93,879	4,494	522,555	62,445	2,234	587,234
Wages	6,355,904	1,406,700	67,338	7,829,942	935,686	33,471	8,799,099
Total Direct Costs	11,668,681	3,123,427	128,312	14,920,420	1,420,701	53,257	16,394,378
Depreciation	123,120	-	1,068	124,188	-	-	124,188
TOTAL EXPENSES	$ 11,791,801	$ 3,123,427	$ 129,380	$ 15,044,608	$ 1,420,701	$ 53,257	$ 16,518,566

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Child Care	Meals	Alternative	Total Program Services	Management And General	Fundraising	Total Expenses December 31, 2007
Alarm and Security	$ 36,975	$ 8,183	$ 364	$ 45,522	$ 5,597	$ -	$ 51,119
Dues and Subscriptions	812	-	7	819	123	-	942
Equipment Rental	7,661	1,689	75	9,425	1,159	-	10,584
Insurance	253,676	56,145	2,494	312,315	37,323	1,334	350,972
Licenses	48,959	-	395	49,354	7,411	-	56,765
Miscellaneous	61,397	5,051	536	66,984	2,155	-	69,139
Office	24,430	-	197	24,627	3,594	129	28,350
Professional Fees	77,271	11,602	717	89,590	-		89,590
Rent	1,215,162	268,942	11,969	1,496,073	183,927		1,680,000
Repairs and Maintenance	133,579	20,379	1,242	155,200	18,459	484	174,143
Supplies	881,873	989,243	15,090	1,886,206	3,463	123	1,889,792
Taxes	660,245	126,153	6,342	792,740	84,695	3,070	880,505
Telephone	114,199	-	921	115,120	16,802	600	132,522
Transportation	667,741	4,307	5,420	677,468	2,946	-	680,414
Utilities	410,784	90,916	4,046	505,746	60,437	2,162	568,345
Wages	6,229,088	1,373,103	61,308	7,663,499	919,140	32,141	8,614,780
Total Direct Costs	10,823,852	2,955,713	111,123	13,890,688	1,347,231	40,043	15,277,962
Depreciation	97,479	21,574	960	120,013	14,754	-	134,767
TOTAL EXPENSES	$ 10,921,331	$ 2,977,287	$ 112,083	$ 14,010,701	$ 1,361,985	$ 40,043	$ 15,412,729

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INDEPENDENT AUDITORS' 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
Lincoln Marti Community Agency, Inc.
Miami, Florida

We have audited the financial statements of Lincoln Marti Community Agency, Inc. (a nonprofit organization) ("the Agency") as of and for the year ended December 31, 2008, and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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

To the Board of Directors
Lincoln Marti Community Agency, Inc.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Agency in a separate letter dated March 31, 2009.

This report is intended solely for the information and use of management, the Agency's Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

GLSC and Company PLLC

March 31, 2009

GLSC & COMPANY, PLLC
certified public accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Lincoln Marti Community Agency, Inc.
Miami, Florida

Compliance

We have audited the compliance of Lincoln Marti Community Agency, Inc. (a nonprofit organization) ("the Agency") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Agency's internal control over compliance.

To the Board of Directors
Lincoln Marti Community Agency, Inc.

Internal Control Over Compliance (Continued)

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the Agency's Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

GLSC and Company PLLC

March 31, 2009

LINCOLN MARTI COMMUNITY AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/Pass-through Grantor/ Grantor Title	CFDA Number	Contract Number	Amount Expenditures
U.S. Department of Agriculture (USDA)			
Pass-Through State of Florida Department of Health			
Child and Adult Care Program	10.558	S-45	$ 2,281,494
Pass-Through State of Florida Department of Education			
School Breakfast Program	10.553	01-0325	381,540
School Lunch Program	10.555	01-0325	653,607
Total U.S. Department of Agriculture			$ 3,316,641

See accompanying notes to the schedule of expenditures of federal awards.

LINCOLN MARTI COMMUNITY AGENCY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **GENERAL**

The Schedule of Expenditures of Federal Awards included herein represents all of the Federal awards of Lincoln Marti Community Agency, Inc. ("the Agency") over which The Agency exercised direct operating control for the year ended December 31, 2008.

2. **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting and includes expenses incurred by the Agency during the year ended December 31, 2008.

Substantially all Federal funds administered by the Agency are operated on a reimbursement basis. Advances to grant programs are made from unrestricted cash balances included with the Agency's cash.

3. **SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133**

All Federal operations of the Agency are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (Revised March 2008, the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. This program represents all Federal grants with 2008 cash and non-cash expenditures in excess of $500,000 that ensure coverage of at least 25 percent of Federally granted funds (as a low risk auditee). Actual coverage is approximately 69% of total cash and non-cash Federal program expenses.

Major Federal Award Program Description	Expenditures
U.S. Department of Agriculture (U.S.D.A.)	$ 2,281,494

4. **FINDINGS OF NONCOMPLIANCE**

There are no findings of internal control over financial reporting in connection with the December 31, 2008 Single Audit.

5. **AUDITS PERFORMED BY OTHER ORGANIZATIONS**

During fiscal year 2008, the Florida Department of Health (FDOH) conducted a monitoring review on January 29, 2008. This monitoring report covered September 2007 reimbursement package submitted to the Child Care Food Program and no reportable findings were noted.

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL PROGRAMS
YEAR ENDED DECEMBER 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A-133?	No

Identification of major programs:

Federal Program	CFDA #
U.S. Department of Agriculture	10.558

Dollar threshold used to distinguish between Type A and Type B Programs	$ 300,000
Auditee qualified as low risk auditee?	Yes

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL PROGRAMS
YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

None

SIGNIFICANT DEFICIENCIES

None

OTHER MATTERS

See management letter dated March 31, 2009.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESSES

None

SIGNIFICANT DEFICIENCIES

None

OTHER MATTERS

None

SECTION IV - STATUS OF PRIOR YEAR'S FINDINGS

None

LINCOLN MARTI COMMUNITY AGENCY, INC.

MANAGEMENT LETTER
DECEMBER 31, 2008

GLSC & COMPANY, PLLC
certified public accountants

GLSC & COMPANY, PLLC
certified public accountants

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March 31, 2009

To the Board of Directors
Lincoln Marti Community Agency, Inc.

In planning and performing our audit of the financial statements of the Lincoln Marti Community Agency, Inc. (the 'Agency') as of and for the fiscal year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards,* issued by the Comptroller General of the United States, we considered City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comment and suggestion regarding this matter. We previously reported on the Agency's internal control over financial reporting and on compliance and other matters based on audit of financial statements performed in accordance with *Government Auditing Standards* in our report dated March 31, 2009. This letter does not affect our report dated March 31, 2009, on the financial statements of the Agency.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestions with various Agency personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

Sincerely,

GLSC and Company PLLC

GLSC & Company, PLLC

RECOMMENDATION

2008-1 Review of Journal Entries

Condition

Our review of journal entries during the year ended disclosed that; even though, the entries were approved by management, they had no evidence of review or approval by supervisory personnel. In addition, these entries were posted in the general ledger by the same personnel who prepared them.

Criteria

Effective internal control dictates segregation of duties and review and approval process to mitigate possible fraudulent transactions or significant misstatements in the financial statements.

Cause of Condition

Due to the limited staffing in the accounting department, the staff was posting the transactions in the general ledger without evidence of being reviewed by a supervisor.

Effect of Condition

If condition is not addressed, there is a probability that fraudulent transaction or significant misstatement in the financial reports may occur.

Recommendation

We strongly recommend that proper segregation of duties and review and approval process be strictly implemented. In addition, we recommend that direct posting of manual journal entries be approved by a supervisor.

Management Comment

Management has established a system that once journal entries have been approved; they will be initialized and a copy will be filed.

2008-2 Property and Equipment

Condition

During our audit, we noted that the staff recorded all structural improvements and equipment purchases to the repair and maintenance expense account.

Criteria

Internal control over fixed assets is essential in helping the Agency to ensure that fixed assets are being properly accounted for and that misappropriation or other inappropriate activity is not occurring. By not having the controls, in place the Agency is exposed to possible loss of the assets.

Cause of Condition

Due to the limited staffing in the accounting department, the staff was posting the transactions in the general ledger without being instructed on how to classify the payments.

2008-2 Review of Journal Entries (CONTINUED)

Effect of Condition

If condition is not addressed, there is a high probability that assets may be misappropriated or misstatement in the financial statements may occur, as a result of recording assets as expenses.

Recommendation

We recommend that the Agency develop and adopt written policies and procedures to ensure fixed assets are properly monitored and accounting for in the general ledger. In addition, management should take steps to ensure that these policies are adhered to and properly applied.

Management Comment

A policy will be established that any payments over $1,000 will be analyzed by management to decide if it should be classified as a fixed asset instead of an expense.