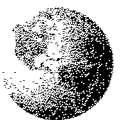


LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
FINANCIAL STATEMENTS AND REPORT REQUIRED
UNDER *GOVERNMENT AUDITING STANDARDS*
AND THE SINGLE AUDIT ACT
DECEMBER 31, 2007 AND 2006



GLSC & COMPANY, PLLC
certified public accountants

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
FINANCIAL STATEMENTS AND REPORT REQUIRED
UNDER GOVERNMENT AUDITING STANDARDS,
AND THE SINGLE AUDIT ACT
DECEMBER 31, 2007 AND 2006

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GLSC & COMPANY, PLLC

certified public accountants

INDEPENDENT AUDITORS' REPORT

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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, 2007 and 2006, 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, 2007 and 2006, 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 24, 2008, 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 10 and 11 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 16 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. In our opinion, the Statements of Functional Expenses and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

GLSC and Company PLLC

March 24, 2008

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LINCOLN MARTI COMMUNITY AGENCY, INC.

(a nonprofit organization)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

ASSETS

	<u>2007</u>	<u>2006</u>
Cash	\$ 742,666	\$ 147,394
Grants receivable	1,168,566	688,200
Other receivable	-	4,894
Prepaid insurance	206,692	176,870
Property and equipment (net of Accumulated Depreciation of \$1,061,548 and \$944,581)	<u>2,612,469</u>	<u>2,040,485</u>
TOTAL ASSETS	<u>\$ 4,730,393</u>	<u>\$ 3,057,843</u>

LIABILITIES AND UNRESTRICTED ASSETS

LIABILITIES

Accounts payable	1,100,910	\$ 968,257
Due to related party	885,676	127,677
Loan payable	55,238	-
Insurance payable	1,608	116,306
Accrued salaries	217,587	191,138
Payroll taxes payable	<u>632,163</u>	<u>147,201</u>
TOTAL LIABILITIES	<u>2,893,182</u>	<u>1,550,579</u>
UNRESTRICTED NET ASSETS	<u>1,837,211</u>	<u>1,507,264</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,730,393</u>	<u>\$ 3,057,843</u>

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,

	<u>2007</u>	<u>2006</u>
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE		
Local Municipal Government (Miami-Dade County)	\$ 7,879,895	\$ 6,221,588
Federal Grant	3,858,021	2,851,294
Tuition	3,630,571	3,218,460
Miscellaneous Income	<u>374,189</u>	<u>87,543</u>
TOTAL UNRESTRICTED REVENUE	<u>15,742,676</u>	<u>12,378,885</u>
EXPENSES		
Program services expenses		
Child Care Program	10,921,331	8,527,247
Meals Program	2,977,287	2,731,516
Alternative Program	112,083	22,563
Supporting services expense		
Management and General	1,361,985	936,394
Fundraising	<u>40,044</u>	<u>33,894</u>
TOTAL EXPENSES	<u>15,412,729</u>	<u>12,251,614</u>
CHANGE IN NET ASSETS	329,947	127,271
NET ASSETS AT BEGINNING OF YEAR	<u>1,507,264</u>	<u>1,379,993</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,837,211</u>	<u>\$ 1,507,264</u>

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,

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 329,947	\$ 127,271
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	134,767	118,065
(Increase) decrease in assets:		
Grants receivable	(480,366)	131,188
Prepaid insurance	(29,822)	(10,344)
Other receivables	4,948	(446)
Increase (decrease) in liabilities:		
Accounts payable	132,653	165,126
Due to related party	757,999	(753,127)
Taxes payable	484,962	1,481
Loan payable	55,238	-
Insurance payable	(114,698)	14,491
Accrued salaries	26,449	(1,601)
Total adjustments	<u>972,130</u>	<u>(335,167)</u>
Net cash provided by (using in) operating activities:	<u>1,302,077</u>	<u>(207,896)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Leasehold improvements	(688,951)	(347,370)
Net cash (used in) investing activities	<u>(688,951)</u>	<u>(347,370)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment Loan	(17,854)	-
Net cash (used in) financing activities	<u>(17,854)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	595,272	(555,266)
CASH AT BEGINNING OF YEAR	<u>147,394</u>	<u>702,660</u>
CASH AT END OF YEAR	<u>\$ 742,666</u>	<u>\$ 147,394</u>

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

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

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; before and after school. 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.

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, they serve 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, 2007

Address	Grades	Enrollment
931 SW 1 st Street Miami, FL	6 th , 7 th and 8 th	23
1750 E 4 th Avenue Hialeah, FL	6 th , 7 th and 8 th	14

Alternative School (Continued)

Address	Grades	Enrollment
28800 SW 152 nd Avenue Miami, FI	6 th , 7 th and 8 th	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, 2007:

<u>Name</u>	<u>Title</u>
Dr. Arminda Mari Espinosa	President & Treasurer
Dr. Dominica Alcantara	Vice President
Ms. Maria Denia Vasallo	Secretary

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement 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, 2007 and 2006, the Agency had no permanently or temporarily restricted net assets.

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.

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 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.

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.

3. **GRANTS RECEIVABLE**

The breakdown of the total grants receivable was as follows:

	<u>2007</u>	<u>2006</u>
Miami-Dade County	\$ 600,944	\$ 452,804
State of Florida	<u>567,622</u>	<u>235,396</u>
	<u>\$ 1,168,566</u>	<u>\$ 688,200</u>

4. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2007</u>	<u>2006</u>
Furniture and equipment	\$ 442,213	\$ 441,337
Machinery and equipment	160,581	155,834
Leasehold improvements	2,869,422	2,186,094
Computers	76,694	76,694
Buses and vans	<u>125,107</u>	<u>125,107</u>
	3,674,017	2,985,066
Less: Accumulated Depreciation	<u>(1,061,548)</u>	<u>(944,581)</u>
	<u>\$ 2,612,469</u>	<u>\$ 2,040,485</u>

5. **CONCENTRATION OF CREDIT RISK**

During the years ended December 31, 2007 and 2006, the Agency had instances of excess deposits in the aggregate over the \$100,000 insurance provided by the bank under the Federal Deposit Insurance Corporation. In addition, at December 31, 2006, the Agency maintained deposits in a bank totaling \$791,432 in the aggregate over the \$100,000 insurance provided by the bank under the Federal Deposit Insurance Corporation.

5. **CONCENTRATION OF CREDIT RISK**

During the years ended December 31, 2007 and 2006, the Agency had instances of excess deposits in the aggregate over the \$100,000 insurance provided by the bank under the Federal Deposit Insurance Corporation. In addition, at December 31, 2006, the Agency maintained deposits in a bank totaling \$791,432 in the aggregate over the \$100,000 insurance provided by the bank under the Federal Deposit Insurance Corporation.

6. **LOAN PAYABLE**

	December 31,	
	<u>2007</u>	<u>2006</u>
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.	\$ 55,238	\$ -
	<u>\$ 55,238</u>	<u>\$ -</u>

Future principal payments under this debt are as follows:

Fiscal year ending December 31:		
2008		\$ 36,353
2009		<u>18,885</u>
Total		<u>\$ 55,238</u>

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:

<u>Revenue Source</u>	<u>Program</u>	<u>2007</u>	<u>2006</u>
Miami-Dade County	Child Care	42 %	41 %
Private	Tuition	23 %	27 %
State of Florida	Meals	25 %	23 %
Voluntary Prekindergarten Program	Child Care	10 %	9 %

8. **RELATED PARTY TRANSACTIONS**

The Agency shares the buildings and employees used by the different programs with Lincoln Marti Schools (the "School"), located at 904 SW 23 Ave Miami, FL 33125. During the years ended December 31, 2007 and 2006, the Agency's management allocated the expenses that could be directly identified with the Agency to the Agency. Other expenses that are common to both entities were allocated based on the relationship of students during the year between both Lincoln Marti Community Agency, Inc. and Lincoln Marti School.

The Agency leases real estate for the Child Care Centers and Schools from D.P. Real Estate Holdings, LLP, which is located at 904 SW 23 Ave Miami, FL 33125. The Agency is responsible for its share of repairs and other expenses. 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 share of the Agency's rent for the years ended December 31, 2007 and 2006 was \$1,680,000 and 1,320,000, respectively, per year. In addition, during 2006 and 2005 the Agency paid approximately \$174,142 and \$255,451 in repairs and \$683,328 and \$264,090, respectively, in leasehold improvements for its share of the leased properties. Both entities lease a total of 51.4 acres of land and 371,411 sq. feet of buildings.

During the year ended December 31, 2007, as a result of the allocation of the expenses among the entities and loan payments, the amount due to related party increased approximately \$758,000. As a result of these transactions, there was approximately \$ 885,676 and \$167,677 due to Lincoln Marti School as of December 31, 2007 and 2006, respectively. The amounts are non-interest bearing and due on demand.

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

2008	\$ 1,680,000
2009	1,680,000
2010	<u>1,680,000</u>
	<u>\$ 5,040,000</u>

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, the management deems the contingency remote since, in their opinion; the Agency has fully complied with the provisions of the grants.

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 Expense December 31, 2007
Alarm and Security	\$ 36,975	\$ 8,183	\$ 364	\$ 45,522	\$ 5,598	\$ -	\$ 51,120
Dues and Subscriptions	812	-	7	819	123	-	942
Equipment Rental	7,662	1,689	75	9,426	1,159	-	10,585
Insurance	253,673	56,143	2,499	312,315	37,322	1,336	350,973
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	20,380	1,240	155,199	18,459	484	174,142
Supplies	881,873	989,243	15,090	1,886,206	3,463	123	1,889,792
Taxes	660,245	126,153	6,341	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	32,140	8,614,779
Total Direct Costs	10,823,852	2,955,713	111,123	13,890,688	1,347,231	40,044	15,277,963
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	\$ 40,044	\$ 15,412,730

LINCOLN MARTI COMMUNITY AGENCY, INC.
(a nonprofit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Child Care	Meals	Alternative	Total Program Services	Management And General	Fundraising	Total Expenses December 31, 2006
Alarm and Security	\$ 18,005	\$ 4,785	\$ 46	\$ 22,836	\$ 2,282	\$ -	\$ 25,118
Dues and Subscriptions	2,095	0	4	2,099	265	-	2,364
Equipment Rental	11,364	3,020	29	14,413	1,439	-	15,852
Insurance	218,771	58,146	555	277,472	27,715	1,207	306,394
Licenses	55,896	0	112	56,008	7,081	-	63,089
Miscellaneous	83,921	958	170	85,049	1,842	-	86,891
Office	54,468	0	109	54,577	6,959	304	61,840
Professional Fees	36,941	0	74	37,015	4,680	-	41,695
Rent	946,233	251,495	2,400	1,200,128	119,872	-	1,320,000
Repairs and Maintenance	191,177	37,982	459	229,618	25,128	705	255,451
Supplies	410,018	825,838	2,477	1,238,333	18,769	817	1,257,919
Taxes	356,704	184,469	1,085	542,258	54,163	2,358	598,779
Telephone	123,671	0	248	123,919	15,667	682	140,268
Transportation	902,624	1,063	1,811	905,498	507	-	906,005
Utilities	263,993	70,165	670	334,828	33,444	1,456	369,728
Wages	4,767,761	1,270,401	12,101	6,050,263	605,528	26,365	6,682,156
Total Direct Costs	8,443,642	2,708,323	22,349	11,174,314	925,341	33,894	12,133,549
Depreciation	83,605	23,193	214	107,012	11,053	-	118,065
TOTAL EXPENSES	\$ 8,527,247	\$ 2,731,516	\$ 22,563	\$ 11,281,326	\$ 936,394	\$ 33,894	\$ 12,251,614



**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, 2007, and have issued our report thereon dated March 24, 2008. 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*.

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 24, 2008





**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, 2007. 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, 2007.

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 24, 2008



**LINCOLN MARTI COMMUNITY AGENCY, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/Pass-through Grantor/ Grantor Title	CFDA Number	Amount Expenditures
U.S. Department of Agriculture (USDA)		
Pass-Through State of Florida Department of Health		
Child and Adult Care Program	10.558	\$ 1,691,792
Pass-Through State of Florida Department of Education		
School Breakfast Program	10.553	401,474
School Lunch Program	10.555	<u>687,502</u>
Total U.S. Department of Agriculture		<u>\$ 2,780,768</u>

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, 2007**

1. GENERAL

The Schedule of Expenditures of Federal 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, 2007.

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, 2007.

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 2007, 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 2007 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 39% of total cash and non-cash Federal program expenses.

<u>Major Federal Award Program Description</u>	<u>Expenditures</u>
U.S. Department of Agriculture (U.S.D.A.)	\$ 401,474
U.S. Department of Agriculture (U.S.D.A.)	\$ 687,502

4. FINDINGS OF NONCOMPLIANCE

There are no findings of internal control over financial reporting in connection with the December 31, 2007 Single Audit.

5. AUDITS PERFORMED BY OTHER ORGANIZATIONS

During fiscal year 2007, the Florida Department of Education (FDOE) conducted a Food Service Compliance and Performance Audit and FDOE noted several findings; however, none of which have material impact to the financial statement.

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, 2007

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	10.553, 10.555

Dollar threshold used to distinguish between Type A and Type B Programs	\$ 300,000
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Auditee qualified as low risk auditee?	Yes
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SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

None

SIGNIFICANT DEFICIENCIES

None

OTHER MATTERS

None

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