

AMIkids Caddo, Inc.

FINANCIAL STATEMENTS

June 30, 2018

(With comparative financial information for 2017)



CRI CARR
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REPORT



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
AMIkids Caddo, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of AMIkids Caddo, Inc. (the "School"), which is comprised of the statements of financial position as of June 30, 2018, 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.

Auditors' 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. 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 auditors' 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

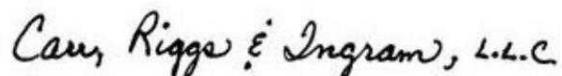
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMIkids Caddo, Inc. as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2018, on our consideration of AMIkids Caddo, Inc.'s internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AMIkids Caddo, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the AMIkids Caddo, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
September 17, 2018



FINANCIAL STATEMENTS

AMlkids Caddo, Inc.
Statement of Financial Position
June 30, 2018
With comparative financial information for 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 160,323	\$ 19,713
Accounts receivable:		
Funding agencies	11,618	-
Other	-	1,968
Due from AMlkids and affiliated institutes	2,843	249
Prepaid expenses	69,472	50,061
Property and equipment, net	7,622	10,029
Total assets	\$ 251,878	\$ 82,020
Liabilities		
Accounts payable	\$ 16,775	\$ 9,785
Accrued expenses	39,032	35,095
Due to AMlkids and affiliated institutes	364,261	336,382
Capital lease obligations	8,168	10,347
Total liabilities	428,236	391,609
Net assets		
Unrestricted	(176,358)	(309,589)
Total net assets	(176,358)	(309,589)
Total liabilities and net assets	\$ 251,878	\$ 82,020

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

AMIkids Caddo, Inc.
Statement of Activities
June 30, 2018

With comparative financial information for 2017

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
Public Support and revenue:				
Public support:				
Federal Support	\$ 49,454.00	\$ -	\$ 49,454.00	\$ -
Regional Revenue	1,803,274	-	\$ 1,803,274	1,343,404
Contributions	4,687	2,995	7,682	4,081
Total public support	1,857,415	2,995	1,860,410	1,347,485
Revenue:				
Other	1,455	-	1,455	124
Total revenue	1,455	-	1,455	124
Net assets released from restrictions	2,995	(2,995)	-	-
Total public support and revenue	1,861,865	-	1,861,865	1,347,609
Expenses:				
Program services	1,499,603	-	1,499,603	1,657,198
Management and general	229,031	-	229,031	-
Total expenses	1,728,634	-	1,728,634	1,657,198
Change in net assets	133,231	-	133,231	(309,589)
Net assets, beginning of year	(309,589)	-	(309,589)	-
Net assets, end of year	\$ (176,358)	\$ -	\$ (176,358)	\$ (309,589)

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

AMIkids Caddo, Inc.
Statement of Functional Expenses
June 30, 2018
With comparative financial information for 2017

	Program Services	Management and General	Totals	
			2018	2017
Salaries	\$ 969,629	\$ -	\$ 969,629	\$ 878,558
Employee benefits and payroll taxes	211,457	-	211,457	158,307
Travel	92,170	-	92,170	186,068
Conferences and training	25,629	-	25,629	34,222
Books and publications	1,535	2,575	4,110	4,230
Office and other supplies			-	16,277
Rent and utilities	16,533	260	16,793	43,566
Insurance	99,500	-	99,500	9,254
Telephone	9,642	-	9,642	-
Professional fees	-	5,772	5,772	6,223
Postage	1,626	-	1,626	2,583
Student supplies and training	24,955	-	24,955	22,605
Community development	3,054	149	3,203	2,862
Equipment and maintenance	40,585	3,882	44,467	128,148
Interest	749	-	749	753
Depreciation and amortization	2,407	-	2,407	2,006
Management fee and other expenses	132	216,393	216,525	161,536
Total expense	\$ 1,499,603	\$ 229,031	\$ 1,728,634	\$ 1,657,198

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

AMIkids Caddo, Inc.
Statement of Cash Flows
June 30, 2018

With comparative financial information for 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 133,231	\$ (309,589)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,407	2,006
(Increase) decrease in:		
Accounts receivable	(9,650)	(1,968)
Prepaid expenses and other	(19,411)	(50,061)
Due from AMIkids and affiliated institutes	(2,594)	(249)
Increase (decrease) in:		
Accounts payable	6,990	9,785
Accrued expenses	3,937	35,095
Due to AMIkids and affiliated institutes	(20,747)	71,371
Net cash and cash equivalents provided by (used in) operating activities	94,163	(243,610)
Cash flows from financing activities:		
Proceeds from new borrowings from affiliates	271,200	515,011
Payments on affiliate notes payable	(222,574)	(250,000)
Payments on capital lease obligations	(2,179)	(1,688)
Net cash and cash equivalents provided by financing activities	46,447	263,323
Net increase in cash and cash equivalents	140,610	19,713
Cash and cash equivalents at beginning of year	19,713	-
Cash and cash equivalents at end of year	\$ 160,323	\$ 19,713
Cash paid for interest	\$ 749	\$ 753
Supplemental disclosure of noncash investing and operating activities:		
Financed or other noncash acquisitions of property and equipment	\$ -	\$ 12,035

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

AMIkids Caddo, Inc. (the “School”), a Louisiana not-for-profit corporation, was formed exclusively for educational purposes. The School has entered into a Type 1 charter school contract with Caddo Parish School Board (CPSB) to operate the School in Caddo Parish, Louisiana. The School serves sixth to eighth graders and expelled students from Caddo Parish Public Schools and provides education, treatment, and behavior modification as components of the AMIkids Personal Growth Model[®]. These services are performed by the School, which is one of over forty affiliated, but independently governed member schools located in Florida, Georgia, Louisiana, Missouri, New Mexico, North Carolina, South Carolina, Texas and Virginia. The School’s educational component is accredited by AdvancED[®], a global accrediting agency dedicated to advancing excellence in schools, universities, and educational agencies. AMIkids, Inc. (“AMIkids”) is located in Florida and executes the contracts, collects funds, coordinates the operations and manages the record keeping of these member Schools and schools through a subcontract agreement between AMIkids and the School. The School’s operating funds were primarily generated from state contracts and federal and local funds. Continued operation of the School’s foster care program is dependent on continued funding from local agencies as well as financial and other support from AMIkids.

The School is an independent non-profit entity, separate and distinct from the Caddo Parish School Board, the primary government and reporting entity. However, the School is a component unit of CPSB and the School’s financial statements are included in the CPSB’s basic financial statements as a component unit.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates and such differences could be material.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

Unrestricted net assets consist of amounts that are available for use in carrying out the activities of the School. Temporarily restricted net assets represent those amounts, which are not available until future periods or are donor restricted for specific purposes.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term, highly liquid investments with original maturities of three months or less.

Cash is maintained in bank deposit accounts, which at times may exceed federally insured limits. The School believes it is not exposed to any significant credit risk in these accounts.

Accounts Receivable

Accounts receivable consists primarily of receivables from federal agencies and county school boards. The School reviews outstanding receivables for collectability based on historical payment history from the payer and any known circumstances casting doubt over the collectability of accounts and reserves for amounts considered to be uncollectible. The Institute considers its accounts receivable to be fully collectible and therefore, has not recorded an allowance for doubtful accounts. Amounts becoming uncollectible will be charged against the allowance for doubtful accounts when that determination is made.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, if purchased or at estimated fair value at date of receipt if donated. Property and equipment transferred to the School by a funding agency are stated at estimated fair value at date of transfer. Property transferred or acquired with grant funds may revert to the funding agency should the School no longer provide the rehabilitation services required by the contract. At the time property is retired, or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in earnings. Repairs and maintenance are expensed when incurred. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Furniture, fixtures and equipment	3-5 years
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Impairment of Long-Lived Assets

The School reviews all long-lived assets, which consist primarily of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows.

Public Support and Revenue

Public support is primarily from the School's contract with the Caddo Parish School System. Other public support represents amounts received from federal and local sources.

A significant portion of AMIkids's and the School's grants and contracts are exchange transactions in which each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and, as such, are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose. Funds from exchange transactions received in advance of revenue recognition are recorded as deferred revenue.

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by the individuals possessing those skills and would be typically purchased if not provided by donation. For the year ended June 30, 2018 and 2017, donated services were not material to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. Other expenses are allocated based on management's estimate of the benefit derived by each activity.

Income Taxes

AMIkids Caddo, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Management has evaluated the School's tax positions and concluded that the School has taken no uncertain tax positions that require adjustment or disclosure to the financial statements to comply with the provision of the accounting guidance for income taxes. The School is subject to audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Summarized Financial Information for 2017

The financial information for the year ended June 30, 2017 is presented for comparative purposes and is not intended to be a complete presentation.

AMIkids Caddo, Inc.
Notes to Financial Statements

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 consists of:

	2018	2017
Furniture, fixtures and equipment	\$ 12,035	\$ 12,035
	12,035	12,035
Less accumulated depreciation	(4,413)	(2,006)
	<u>\$ 7,622</u>	<u>\$ 10,029</u>

NOTE 3: RESTRICTED NET ASSETS

Net assets were released from donor restrictions during 2018 and 2017 by occurrence of events specified by donors as follows:

	2018	2017
Education/scholarship	\$ 245	-
Building/ equipment	1,000	-
Experiential services	500	-
Other	1,250	1,500
	<u>\$ 2,995</u>	<u>\$ 1,500</u>

NOTE 4: CAPITAL LEASES

The following is an analysis of the leased assets included in property and equipment:

	2018	2017
Machinery and Equipment	\$ 12,035	\$ 12,035
Less: Accumulated Depreciation	(3,867)	(1,688)
Total included in property and equipment	<u>\$ 8,168</u>	<u>\$ 10,347</u>

NOTE 4: CAPITAL LEASES (Continued)

Future minimum payments under capital lease are as follows:

Year Ending June 30,		
2019	\$	2,928
2020		2,928
2021		2,928
2022		488
Total minimum lease payments		9,272
Less amounts representing interest		(1,104)
Present value of minimum lease payments	\$	8,168

NOTE 5: RELATED PARTY TRANSACTIONS

As stated in Note 1, AMIkids executes the contracts, collects funds, coordinates the operations and manages the record keeping of the School and remits these funds to the School on a monthly basis in accordance with the subcontract agreement. For providing these and other services, AMIkids was paid \$216,393 and \$161,209 in fiscal 2018 and 2017, respectively, which was recorded as management fee and other expense included in program services and management and general in the accompanying statement of functional expenses.

Due from AMIkids and affiliated Schools at June 30, 2018 and 2017 consists of:

	2018	2017
Affiliate trade receivables	\$ 2,843	\$ 249

The School periodically enters into transactions with AMIkids and affiliated Schools for intercompany billings of common costs and services received or rendered. The School may also enter into other financing transactions with AMIkids. Except as noted below, these amounts are non-interest bearing and have no maturity date or collateral.

NOTE 5: RELATED PARTY TRANSACTIONS (Continued)

Due to AMIkids and affiliated Schools at June 30, 2018 and 2017 consists of:

	2018	2017
Affiliate trade payables	\$ 50,624	\$ 71,371
Notes payable to AMIkids, due Jan 2019 interest charges accruing at 4.38% per annum, unsecured	313,637	265,011
	\$ 364,261	\$ 336,382

NOTE 6: PENSION PLAN

AMIkids maintains a noncontributory defined contribution money purchase pension plan covering all full-time employees who have completed two years of service and have attained the age of 20 ½ years. Contributions to the Plan are based on a percentage of each employee’s compensation for the year. The pension expense for the year ended June 30, 2018 and 2017 totaled \$12,962 and \$12,144, respectively.

NOTE 7: CONTINGENCIES

A substantial portion of AMIkids and the School’s public support is derived from programs supported by various funding agencies. Under the terms of the agreements with these funding agencies, AMIkids’s and the School’s financial records are subject to audit by the appropriate governmental authorities. Depending upon the results of these audits, if any, funds may be required to be refunded to the appropriate funding agency. In the opinion of AMIkids and the School’s management, no public support funds will be required to be refunded. Accordingly, no provision for such contingency has been made in these financial statements.

The School is subject to various claims and legal proceedings, which arise in the ordinary course of business. The School does not believe that these matters will have a material adverse effect on its financial position or operating activities.

The School had negative unrestricted net assets of \$309,589 at June 30, 2017 with an increase in net assets of \$133,231 for the year ended June 30, 2018 resulting in a negative unrestricted net assets of \$176,358 at June 30, 2018.

NOTE 7: CONTINGENCIES (Continued)

The ability of the School to continue as a going concern is dependent on the support of AMIkids, Inc. It is the intention of AMIkids, Inc. to continue to support the operations of the School and provide working capital as needed to the extent the Institute remains in compliance with its AMIkids, Inc. contract.

NOTE 8: SUBSEQUENT EVENTS

The School has evaluated events and transactions occurring subsequent to June 30, 2018 as of September 17, 2018 which is the date the financial statements were issued. Subsequent events occurring after September 17, 2018 have not been evaluated by management. No material events have occurred since June 30, 2018 that requires recognition or disclosure in the financial statements.

AMIkids Caddo, Inc.
Schedule of Compensation, Benefits and Other Payments to Agency Head
Or Chief Executive Officer
Year ended June 30, 2018

Agency Head Name: Tim Lennear

Purpose	June 30, 2018	
Salary	\$	63,834
Benefits-Insurance		12,486
Travel		1,749
Other		3,551
Total	\$	81,620

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

The Board of Trustees
AMikids Caddo, Inc.

We have audited, in accordance with the 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 AMikids Caddo, Inc. (the "School"), a charter school and component unit of the District School Board of Caddo Parish, Louisiana, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 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 the School'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*.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
September 17, 2018