

AMIkids, Inc. and Affiliates

COMBINED FINANCIAL STATEMENTS AND SCHEDULES

Year ended June 30, 2019
(With comparative information for 2018)



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AMIkids, Inc. and Affiliates
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With comparative financial information for June 30, 2018

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REPORT



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
AMikids, Inc.

Report on the Financial Statements

We have audited the accompanying combined financial statements of AMikids, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of AMIkids, Inc. and Affiliates as of June 30, 2019, and the changes in its net assets and its functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in Note 2 to the financial statements, in the 2019 financial statements the Organization adopted *Accounting Standards Update (ASU) 2016-14: Not-For-Profit Entities*, (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restriction and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles (Uniform Guidance), and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019 on our consideration of AMIkids, Inc. and Affiliates' 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 Inc. and Affiliates' internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the AMIkids, Inc. and Affiliates' 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated September 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
October 1, 2019



FINANCIAL STATEMENTS

AMIkids, Inc. and Affiliates
Combined Statement of Financial Position
June 30, 2019
With summarized comparative information for June 30, 2018

	2019	2018
Assets		
Cash and Cash Equivalents	\$ 11,785,972	\$ 11,542,155
Investments	7,954,972	6,358,725
Accounts Receivable:		
Funding Agencies	6,094,950	5,681,836
Other	265,546	319,211
Prepaid Expenses and Other Assets	1,591,147	1,467,507
Assets Held for Sale	371,199	253,626
Boat Inventory	2,948,813	4,479,629
Boats Under Lease	13,037,387	10,046,280
Beneficial interest in assets held by others	661,963	619,597
Property and Equipment, Net	11,774,032	12,134,506
Total Assets	\$ 56,485,981	\$ 52,903,072
Liabilities and Net Assets		
Liabilities:		
Lines of Credit	\$ 3,850,000	\$ 2,950,000
Accounts Payable	2,987,815	2,468,890
Accrued Expenses	7,503,314	8,070,342
Accrued Pension	2,097,934	1,955,348
Deferred Revenues	3,460,962	1,854,343
Security Deposits	3,072,000	2,463,390
Obligations under capital lease	61,191	74,791
Notes Payable	3,234,106	3,474,092
Total Liabilities	26,267,322	23,311,196
Net Assets:		
Without donor restrictions		
Undesignated	27,643,552	26,509,229
Board designated endowment fund	103,896	28,896
With donor restrictions	2,471,211	3,053,751
Total Net Assets	30,218,659	29,591,876
Total Liabilities and Net Assets	\$ 56,485,981	\$ 52,903,072

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

AMIkids, Inc. and Affiliates
Combined Statement of Activities
Year ended June 30, 2019
With summarized comparative information for June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
Public support and revenue:				
State support:				
Florida	\$ 23,814,414	\$ -	\$ 23,814,414	\$ 20,468,599
South Carolina	10,044,490	-	10,044,490	10,044,489
Louisiana	3,092,145	-	3,092,145	2,339,364
Texas	447,528	-	447,528	739,154
North Carolina	2,877,600	-	2,877,600	2,877,600
Missouri	699,817	-	699,817	986,456
Virginia	638,753	-	638,753	612,920
Alabama	228,571	-	228,571	-
Georgia	1,181,298	-	1,181,298	1,212,210
Federal support	3,361,006	-	3,361,006	5,744,419
Regional support	8,299,055	-	8,299,055	8,955,692
Contributions	2,268,960	1,188,311	3,457,271	4,384,228
Total public support	56,953,637	1,188,311	58,141,948	58,365,131
Revenue:				
Boat program (Note 1)	10,696,768	-	10,696,768	12,767,144
Investment income	415,297	12,518	427,815	282,347
Other	2,472,297	-	2,472,297	1,393,252
Total revenue	13,584,362	12,518	13,596,880	14,442,743
Net assets released from restrictions	1,783,369	(1,783,369)	-	-
Total public support and revenue	72,321,368	(582,540)	71,738,828	72,807,874
Expenses:				
Program services	55,130,903	-	55,130,903	53,537,419
Boat program	9,813,197	-	9,813,197	9,917,730
Management and general	5,596,230	-	5,596,230	5,918,650
Fundraising	571,715	-	571,715	500,496
Total expenses	71,112,045	-	71,112,045	69,874,295
Change in net assets	1,209,323	(582,540)	626,783	2,933,579
Net assets, beginning of year	26,538,125	3,053,751	29,591,876	26,658,297
Net assets, end of year	\$ 27,747,448	\$ 2,471,211	\$ 30,218,659	\$ 29,591,876

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

AMikids, Inc. and Affiliates
Combined Statement of Functional Expenses
Year ended June 30, 2019
With summarized comparative information for June 30, 2018

	Supporting Services					Totals	
	Program Services	Boat Program	Management and General	Fundraising	Total Support Services	2019	2018
Salaries	\$ 30,716,226	\$ 761,462	\$ 2,060,364	\$ 375,833	\$ 3,197,659	\$ 33,913,885	\$ 34,537,639
Employee benefits and payroll taxes	7,354,664	163,239	538,851	34,818	736,908	8,091,572	8,337,096
Other staff expenses	297,979	769	59,690	-	60,459	358,438	350,747
Commissions	-	1,454,667	-	-	1,454,667	1,454,667	1,937,987
Travel	970,967	62,844	81,310	56,915	201,069	1,172,036	956,792
Conferences and training	984,632	4,613	32,747	5,895	43,255	1,027,887	720,557
Office and other supplies	986,150	50,825	567,007	7,547	625,379	1,611,529	1,519,144
Rent and utilities	2,122,258	10,991	52,541	-	63,532	2,185,790	2,246,262
Insurance	2,100,793	305,549	200,240	-	505,789	2,606,582	2,028,286
Professional fees	1,493,114	203,135	1,052,436	86,697	1,342,268	2,835,382	2,180,892
Student supplies and training	3,846,350	-	12,558	-	12,558	3,858,908	3,567,588
Community development	201,329	9,565	424,021	3,124	436,710	638,039	669,848
Equipment and maintenance	2,655,426	1,778,552	174,634	583	1,953,769	4,609,195	3,922,768
Interest	50,762	173,384	236,057	-	409,441	460,203	332,513
Depreciation and amortization	1,159,113	160,886	85,812	-	246,698	1,405,811	1,368,973
Amortization of boats on charter	-	2,535,959	-	-	2,535,959	2,535,959	2,225,606
Impairment and other expenses	172,684	451,227	17,962	303	469,492	642,176	779,401
Costs of sales	18,456	1,685,530	-	-	1,685,530	1,703,986	2,192,196
Total Expenses	\$ 55,130,903	\$ 9,813,197	\$ 5,596,230	\$ 571,715	\$ 15,981,142	\$ 71,112,045	\$ 69,874,295

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

AMIkids, Inc. and Affiliates
Combined Statement of Cash Flows
Year ended June 30, 2019
With summarized comparative information for June 30, 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 626,783	\$ 2,933,579
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	3,941,770	3,594,579
Net (gain) loss on disposal/impairment of property and equipment and assets held for sale	184,607	(519,083)
Donated boat inventory	(5,421,553)	(7,099,105)
Donated property and equipment	(5,097)	(61,308)
Realized and unrealized (gains) losses on investments	(215,675)	(113,818)
(Increase) decrease in:		
Accounts receivable	(359,449)	(411,831)
Prepaid expenses and other assets	(123,640)	56,482
Assets held for sale	25,000	-
Boats under Lease	1,376,642	2,062,155
Increase (decrease) in:		
Accounts payable	518,925	84,630
Accrued expenses	(567,028)	1,001,973
Accrued pension	142,586	186,797
Deferred revenues	1,606,619	330,452
Security deposits	608,610	(131,575)
Net cash and cash equivalents provided by (used in) operating activities	2,339,100	1,913,927
Cash flows from investing activities:		
Purchases of property and equipment	(1,319,142)	(1,931,816)
Proceeds from sale of property and equipment and assets held for sale	13,193	1,312,956
Proceeds from sale of investments	4,309,333	4,210,551
Purchases of investments	(5,732,271)	(3,427,171)
Net cash and cash equivalents provided by (used in) investing activities	(2,728,887)	164,520
Cash flows from financing activities:		
Net borrowings (repayments) on lines of credit	900,000	(100,862)
Proceeds from new borrowings from third parties	130,000	2,812,850
Payments on notes payable	(369,986)	(1,272,657)
Payments on capital lease obligations	(26,410)	(17,067)
Net cash and cash equivalents provided by financing activities	633,604	1,422,264
Net increase (decrease) in cash and cash equivalents	243,817	3,500,711
Cash and cash equivalents at beginning of year	11,542,155	8,041,444
Cash and cash equivalents at end of year	\$ 11,785,972	\$ 11,542,155
Cash paid for interest	\$ 460,203	\$ 332,513
Supplemental disclosure of noncash investing and financing activities:		
Financed purchases of property and equipment	\$ 12,810	\$ 96,027

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

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

AMIkids, Inc. and affiliated member institutes and schools, non-profit corporations (collectively referred to as “AMIkids” or the “Organization”), are engaged in the rehabilitation of troubled youth by providing education, treatment and behavior modification as components of the AMIkids Personal Growth Model[®]. These services are performed by AMIkids through over forty affiliated, but independently governed member institutes and schools located in Alabama, Florida, Georgia, Louisiana, Missouri, New Mexico, North Carolina, South Carolina, Texas and Virginia. The educational component of AMIkids, Inc. and the affiliated institutes and schools is accredited by AdvancED[®], a global accrediting agency dedicated to advancing excellence in schools, universities, and educational agencies. AMIkids’ operating funds are primarily generated from state and federal contracts. AMIkids, Inc. executes the majority of contracts, collects funds, coordinates the operations, and manages the recordkeeping of these member institutes and schools.

As part of the combined group, AMIkids Foundation, Inc. supports the group in raising funds and investment management.

Continued operation of AMIkids’ rehabilitation programs is dependent on funding from state, federal and local agencies.

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.

Basis of Presentation

The combined financial statements include the accounts of AMIkids, Inc., AMIkids Foundation, Inc., and affiliated member institutes and schools. All significant intercompany balances and transactions have been eliminated. The accompanying combined financial statements are presented on the accrual basis of accounting. Assets are presented in the accompanying combined 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.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net Assets Without Donor Restriction: Include net assets that are not subject to donor-imposed stipulations and net assets that have been designated for a specific purpose by the Board of Directors.

Net Assets With Donor Restrictions: Include gifts for which donor-imposed restrictions due to time or purpose have not yet been met and gifts that require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions, as applicable.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and 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. AMIkids believes it is not exposed to any significant credit risk in these accounts.

Investments and Investment Income

Investments are recorded at cost at the time of purchase. Donated securities are recorded at fair value at the time of donation. Subsequent changes in fair value, regardless of how an investment is obtained, are determined based on quoted market prices and values provided by the investment sponsors, and are recorded as unrealized gains and losses. Net appreciation (depreciation) of investments reflects the net realized and unrealized gains and losses of investments during the reporting period. Interest and dividends are recorded as earned. Dispositions of securities are reflected in the combined financial statements as of the trade date.

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others consist of funds held by the Southwest Florida Community Foundation and the Manatee Community Foundation ("Community Foundations"), an unrelated organization. The Community Foundations are an external investment pool, where the Organization has a beneficial interest in the investment pool and no individual securities. The Organization has no control over investment pricing or investment selection within the investment pool.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consists primarily of receivables from federal and state agencies and county school boards. AMIkids 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. AMIkids considers accounts receivable to be fully collectible and therefore no material allowance has been recorded. Amounts becoming uncollectible will be charged against the allowance for doubtful accounts when that determination is made.

Boat Inventory

Boat inventory represents boats held for lease which are valued at fair value less estimated selling expenses at the time of the donation. Boat inventory is recorded at net realizable value, as of June 30, 2019 and 2018, and was \$2,948,813 and \$4,479,629, respectively. Net realizable value is estimated based on third party appraisals, broker valuations, management's experience with the boat charter industry and estimated selling expenses are based on management's historical relationship with brokers. Net realizable values are reviewed quarterly by management and are reduced for impairment when necessary. Adjustments to net realizable values are recorded as a reduction in boat program revenue if the adjustment is made during the year of the donation and as an increase in boat program expense if made in subsequent years. Normal expenditures for repairs and maintenance of boats are expensed as incurred.

Boats under Lease

AMIkids leases its boats to third parties under operating leases for periods of up to three years. The operating leases contain options to purchase the boat at the end of the charter period for the fair value estimated by management at lease inception, with all of the lease payments applied to the purchase price. Revenues are recognized as received except for security deposits, the option fee, and short-term lease payments, and an additional payment made for the one year period commencing on the lease commencement date. Security deposits are recorded as a liability and are recognized as revenue if and when the purchase option is exercised. The option fee and short-term lease payments are amortized over the life of the lease. If the purchase option is not exercised, the boat is returned to AMIkids, Inc. and the security deposit is returned to the lessee after deducting all necessary expenses for the boat to be in the same condition as at time of initiation of the lease. Direct costs are deferred and amortized over the life of the lease.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Boats under Lease (Continued)

Future minimum lease payments due under operating leases during fiscal years 2020, 2021 and 2022 are approximately \$2,007,985, \$1,411,952 and \$639,242, respectively. At June 30, 2019 and 2018, the unexercised purchase options were approximately \$5,939,200 and \$4,762,554, respectively. The gross value and accumulated amortization on leased property as of June 30, 2019 was \$16,496,878 and \$4,235,055, respectively. The net leased property of \$13,037,387 includes \$775,564 of unamortized commission. The gross value and accumulated amortization on leased property as of June 30, 2018 was approximately \$13,349,400 and \$3,879,100, respectively. The net leased property of approximately \$10,046,200 includes \$575,900 of unamortized commission. Amortization of boats under lease amounted to approximately \$2,536,000 and \$2,226,000 for the years ended June 30, 2019 and 2018, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was approximately \$1,686,000 and \$2,179,000 for the years ended June 30, 2019 and 2018, respectively.

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 an institute or school by a funding agency are stated at estimated fair value at date of transfer. Property and equipment transferred or acquired with grant funds may revert to the funding agency should the institute or school no longer provide the 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 and amortization is calculated using the straight-line method over the following estimated useful lives of the assets (shorter of estimated useful life or term of the lease as to leasehold improvements) as follows:

Permanent site improvements	3-30 years
Buildings and leasehold improvements	5-30 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	3-5 years
Boats, motors and trailers	3 years
Swimming pools	10 years

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Held for Sale

As of June 30, 2019 and 2018, the Organization intends to sell the following properties and has classified the net book value of the land, building and improvements as held for sale on the combined statement of financial position:

Institute	Property held for sale	2019	2018
Behavioral Health	Land	\$ 80,000	\$ 80,000
Gainesville	Land, buildings and improvements	63,626	63,626
Virginia Wilderness	Land, buildings and improvements	142,573	-
Pasco	Land and improvements	85,000	110,000
		\$ 371,199	\$ 253,626

Impairment of Long-Lived Assets and Assets Held for Sale

AMIkids 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. Recoverability of assets held for sale is measured by a comparison of the assets carrying value to its fair value and any excess of its carrying value over fair value is recorded as impairment.

Deferred Revenue

Deferred revenue is related to grant, short-term boat lease payments, and boat option fees collected in advance of revenue recognition.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Facilities

Facilities provided by a funding agency and other donors to an institute or school for use during the term of its contract are recorded as an in-kind contribution and rental expense in the financial statements in the period in which the facilities are utilized by the institute or school. The amounts recorded in each period of use by the institute or school represent the difference between the fair rental value of the facilities and the stated amount of the rent payments. The stated amount of the rent payments is generally zero. In-kind rental contributions and the related rental expense were approximately \$451,000 and \$456,000 for the years ended June 30, 2019 and 2018, respectively, and are reflected as contribution revenue and rent and utilities expense, respectively, in the accompanying combined financial statements.

Public Support and Revenue

Public support is primarily from contracts with various federal, state and local agencies. Contracts with state and some federal agencies generally provide funding based on client service days. Regional support represents amounts received from local sources, including county school boards and United Way agencies. Other revenue is primarily special fundraising events and gain on sale of property and equipment.

A significant portion of AMIkids' 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.

Contributions received are measured at their fair values and are reported as increases in net assets. AMIkids reports contributions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

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 years ended June 30, 2019 and 2018, donated services were approximately \$107,000 and \$101,000, respectively.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various services have been summarized on a functional basis between program services, and supporting services. Certain costs have been allocated among program services and supporting services. Salaries are allocated based on the time and effort expended between program and supporting services. Rent and Utilities and Equipment and Maintenance costs are allocated based on the ratio allocation of salaries between program and management and general.

Income Taxes

AMIkids, Inc. and affiliated member institutes and schools are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. There is minimal income tax associated with unrelated business income mainly from the sale of donated boats.

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the combined statement of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Summarized Financial Information for 2018

The financial information for the year ended June 30, 2018 is presented for comparative purposes and is not intended to be a complete presentation. Certain items relating to revenue, other contributions and expenses other than salary, insurance and depreciation have been reclassified in the 2018 financial statements to agree to the current presentation. There was no impact on total revenue or total expenses.

Recent Accounting Pronouncements

In May 2014, the Financial Standards Accounting Board ("FASB") issued an accounting standard which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. Under the new guidance the policy is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The new standard defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting the new guidance recognized at the date of adoption. The new standard allows for early adoption for annual periods beginning after December 15, 2016. In July 2015, the FASB voted to defer the effective date of the new standard for all entities by one year, or for the Organization, annual periods beginning after December 15, 2018.

The Organization is currently evaluating the impact of its pending adoption of the new revenue recognition standard on its combined financial statements and has not yet determined the method by which it will adopt the standard.

In February 2016, the FASB issued an accounting standard which requires the recognition of assets and liabilities arising from lease transactions on the balance sheet and the disclosure of additional information about leasing arrangements. Under the new guidance, for all leases, interest expense and amortization of the right to use asset will be recorded for leases determined to be financing leases and straight-line lease expense will be recorded for leases determined to be operating leases. Lessees will initially recognize assets for the right to use the leased assets and liabilities for the obligations created by those leases. The new accounting standard must be adopted using a modified retrospective approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The accounting standard is effective for the Organization beginning with the year ended June 30, 2021, with early adoption permitted. The Organization is currently in the process of assessing what impact this new standard may have on its combined financial statements.

NOTE 2: COMPARATIVE FINANCIAL INFORMATION

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

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 2: COMPARATIVE FINANCIAL INFORMATION (Continued)

The new standard changes the following aspects of the Organization’s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The footnotes no longer require components of investment income to be disclosed.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 11).
- The financial statements include a new disclosure related to functional allocation of expenses.

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 26,509,229	\$ -
Temporarily restricted net assets	2,996,661	-
Permanently restricted net assets	85,986	-
Net assets without donor restrictions	-	26,538,125
Net assets with donor restrictions	-	3,053,751
Total net assets	\$ 29,591,876	\$ 29,591,876

NOTE 3: BENEFICIAL INTEREST ASSETS HELD BY OTHERS

Board – Designated Funds

During 2016, the Organization created a board designated donor-advised fund. The board designated fund was created with a contribution. The fund investments are under the direction of the Community Foundation and will be for the benefit of qualified charitable organizations. The board designated funds are considered net assets without donor restrictions. The Organization has the ability to direct the Community Foundation as to distributions. The intent of the Organization is to direct all distributions to benefit the Organization.

During 2019, the Organization created a Non-Profit Organization Agency Fund. The fund was created with a contribution of \$75,000. The fund investments are under the direction of the Community Foundation and will be for the benefit of AMIkids Manatee, Inc. The agency funds are considered net assets without donor restrictions. The Organization has the ability to direct the Community Foundation as to distributions. The intent of the Organization is to distribute funds to AMIkids Manatee for its unrestricted use.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 3: BENEFICIAL INTEREST ASSETS HELD BY OTHERS (CONTINUED)

Donor-Restricted Funds

During 2018, the Organization received a \$30,000 restricted donation to be used for education services. The donor restricted fund invested in the Community Foundation. The fund investments are under the direction of the Community Foundation. The funds are considered net assets with donor restrictions. The Organization has the ability to direct the Community Foundation as to distributions. The intent of the Organization is to direct all distributions to educational services.

Donor-Restricted Endowment Funds

The donor restricted endowment funds were created with a donation of \$25,000 to the Community Foundation. The fund investments are under the direction of the Community Foundation. The intent of this fund is to maintain the corpus into perpetuity and distributions to be made from investment appreciation. The Organization has the ability to distribute all dividends and interest less investment fees for educational services.

The activity for the beneficial interest in assets held by others for the years ended June 30, 2019 and 2018 is the following:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2018			
Board-designated funds	\$ 531,668	\$ -	\$ 531,668
Board-designated endowment funds	28,896	-	28,896
Donor-restricted funds	-	30,000	30,000
Donor-restricted endowment funds	-	29,033	29,033
Total	\$ 560,564	\$ 59,033	\$ 619,597
June 30, 2019			
Board-designated funds	\$ 496,485	\$ -	\$ 496,485
Board-designated endowment funds	103,896	-	103,896
Donor-restricted funds	-	30,000	30,000
Donor-restricted endowment funds	-	31,582	31,582
Total	\$ 600,381	\$ 61,582	\$ 661,963
Activity for the year ended June 30, 2018			
	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2017	\$ 433,952	\$ 27,951	\$ 461,903
Investment income, net of fees	(807)	(70)	(877)
Net appreciation (realized and unrealized)	14,789	1,152	15,941
Contributions	285,364	30,000	315,364
Amounts appropriated for expenditure	(172,734)	-	(172,734)
June 30, 2018	\$ 560,564	\$ 59,033	\$ 619,597
Investment income, net of fees	25,677	-	25,677
Net appreciation (realized and unrealized)	(15,133)	2,549	(12,584)
Contributions	105,522	-	105,522
Amounts appropriated for expenditure	(76,249)	-	(76,249)
June 30, 2019	\$ 600,381	\$ 61,582	\$ 661,963

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 4: FAIR VALUE MEASUREMENTS

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 – Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on observable quoted prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management’s best estimate of what market participants would use as fair value.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain financial instruments on the statement of financial position approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The fair value of the lines of credit and notes payable are estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

Level 1 Fair Value Measurements:

Level 1 investments include pooled equity funds, pooled fixed income funds, equity securities and government securities valued based on quoted market prices.

Level 3 Fair Value Measurements:

Level 3 assets consist of beneficial interest in assets held by others managed by a third-party unrelated organization. The beneficial interest in assets held by others are valued based on third-party pricing information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values. See activity of beneficial interest in assets held by others in Note 3.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

The following tables present the fair value of the investments recorded at fair value on a recurring basis, segregated amount the appropriate levels within the fair value hierarchy for the years ended June 30, 2019 and 2018, respectively:

<i>June 30, 2019</i>	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Certificates of deposits	\$ 436,379	\$ 436,379	\$ -	\$ -
Pooled equity funds	2,203,630	2,203,630	-	-
Pooled fixed income funds	15,018	15,018	-	-
Government securities	5,299,945	5,299,945	-	-
Total investments	7,954,972	7,954,972	-	-
Beneficial interest in assets held by others	661,963	-	-	661,963
Total	\$ 8,616,935	\$ 7,954,972	\$ -	\$ 661,963

<i>June 30, 2018</i>	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Certificates of deposits	\$ 327,575	\$ 327,575	\$ -	\$ -
Pooled equity funds	979,949	979,949	-	-
Pooled fixed income funds	101,826	101,826	-	-
Government securities	4,949,375	4,949,375	-	-
Total investments	6,358,725	6,358,725	-	-
Beneficial interest in assets held by others	619,597	-	-	619,597
Total	\$ 6,978,322	\$ 6,358,725	\$ -	\$ 619,597

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 consist of:

	2019	2018
Land and permanent site improvements	\$ 3,183,787	\$ 3,349,131
Buildings and leasehold improvements	20,335,239	21,813,157
Furniture, fixtures and equipment	6,626,306	6,620,276
Motor vehicles	1,956,364	1,967,404
Boats, motors and trailers	1,291,390	1,269,469
Swimming pools	467,811	465,433
Software	2,280,516	-
Construction in progress	349,350	1,809,315
	<u>36,490,763</u>	<u>37,294,185</u>
Less accumulated depreciation and amortization	<u>(24,716,731)</u>	<u>(25,159,679)</u>
	<u>\$ 11,774,032</u>	<u>\$ 12,134,506</u>

Included in furniture, fixtures and equipment are assets recorded under capital leases with a cost and accumulated depreciation of \$125,445 and \$70,783, respectively, at June 30, 2019 and \$129,906 and \$55,573 respectively, at June 30, 2018.

Certain of AMikids' affiliated institutes and schools have purchased various assets with contract or grant funds. Under the terms of these contracts, the funding agency may require such assets to be returned upon termination of the contract or program.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 6: LINES OF CREDIT

Lines of credit at June 30, 2019 and 2018 consist of:

<u>Entity</u>	<u>2019</u>	<u>2018</u>
AMIkids, Inc. Line of Credit, maximum principal amount of \$3,000,000, bearing variable interest at 2.4% above the SunTrust 30 Day LIBOR (interest rate at June 30, 2019 and 2018 was 4.90% and 4.38%, respectively), expiring February 7, 2020, collateralized by government receivables, with carrying value of approximately \$3,262,000.	\$ -	\$ -
AMIkids, Inc. Line of Credit, maximum principal amount of \$6,000,000, bearing variable interest at 2.4% above the SunTrust 30 Day LIBOR (interest rate at June 30, 2019 and 2018 was 4.90% and 4.38%, respectively), expiring February 7, 2020, collateralized by vessel inventory and lease receivables with carrying value of approximately \$12,926,500.	3,850,000	2,950,000
Space Coast Line of Credit, maximum principal amount of \$100,000, interest rate tied to the WSJ Prime Rate plus 1.500% (interest rate at June 30, 2019 and 2018 was 7.25% and 6.50%, respectively), expiring December 17, 2024, collateralized by real estate with carrying value of approximately \$381,000.	-	-
Beaufort Line of Credit, maximum available \$100,000, interest at 2.6% secured by separate security instruments of a donor, expiring December 18, 2020.	-	-
Total Borrowings on Lines of Credit	\$ 3,850,000	\$ 2,950,000

The AMIkids, Inc. lines of credit are cross-collateralized and are secured by the borrowing-base assets disclosed above as well as other assets of AMIkids, Inc.

At June 30, 2019 and 2018, the Organization had a borrowing capacity of \$9,200,000 under lines of credit subject to availability based on asset levels. The actual amount available based on assets levels as of June 30, 2019 and 2018 in excess of the amount utilized was approximately \$5,350,000 and \$6,250,000, respectively. The AMIkids, Inc. lines of credit contain restrictive financial covenants related to liquidity to modified debt ratio and the maintenance of minimum cash and marketable securities levels. The Organization was in compliance with these restrictive covenants as of and for the years ended June 30, 2019 and 2018.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 7: NOTES PAYABLE

Notes payable at June 30, 2019 and 2018 consists of:

Entity		2019	2018
AMIkids, Inc.	Mortgage payable bearing interest at 30 Day LIBOR index rate plus 2.05%; monthly installments of \$13,889 plus interest, due February 2023, collateralized by real properties in Pinellas and Hillsborough Counties, with carrying value of approximately \$408,000.	\$ 2,291,667	\$ 2,458,331
Acadiana	Note payable in monthly installments of \$713, including interest at 9.94%, due January 2022, collateralized by vehicle, with carrying value of \$20,628.	19,412	24,382
Acadiana	Note payable in monthly installments of \$672, including interest at 5.84%, due January 2022, collateralized by vehicle, with carrying value of \$22,159.	19,302	24,683
Beaufort	Note payable in monthly installments of \$666, including interest at 2.2%, due October 2018, paid in full during 2019.	-	2,641
Sand Hills	Note payable in monthly installments of \$145, including interest at 3.89%, due June 2019, paid in full during 2019.	-	1,704
Jacksonville	Mortgage payable in monthly principal installments of \$3,927 plus interest of 4.15%, due March 2032, secured with real property, with carrying value of \$704,000, and guaranteed by AMIkids, Inc.	464,315	491,286
Panama City	Mortgage payable in monthly installments of \$3,410, including interest at 4.75% with balloon payment of approx. \$249,500, due January 2022, collateralized by land and buildings, with carrying value of \$385,000.	302,625	328,297
Pensacola	Mortgage payable due to board member in monthly installments of \$1,225 including interest at 2.5%, due July, 2028, collateralized by land and buildings, with carrying value of approximately \$262,000.	119,388	122,061
Tampa	Note payable in monthly installments of \$377, including interest at 6.33%, due December 2023, collateralized by vehicle with carrying value of approximately \$10,700.	17,397	20,707
Total Notes Payable		\$ 3,234,106	\$ 3,474,092

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 7: NOTES PAYABLE (CONTINUED)

Principal payments on notes payable for years subsequent to June 30, 2019 are as follows:

Year Ended June 30,		
2020	\$	251,696
2021		255,895
2022		470,523
2023		1,840,923
2024		48,242
Thereafter		366,827
	\$	3,234,106

NOTE 8: CAPITALIZED LEASE OBLIGATIONS

Capitalized lease obligations at June 30, 2019 and 2018 consists of:

Entity		2019		2018
Beaufort	Note payable in monthly installments of \$179, including interest at 10.83%, due July 2021, collateralized by equipment under capital lease.	\$	3,981	\$ 5,736
Baton Rouge	Note payable in monthly installments of \$169, including interest at 8.00%, due February 2022, collateralized by equipment under capital lease.		4,875	6,685
Caddo	Note payable in monthly installments of \$120, including interest at 8.00%, due August 2021, collateralized by equipment under capital lease.		2,845	4,002
Caddo	Note payable in monthly installments of \$124, including interest at 8.00%, due August 2021, collateralized by equipment under capital lease.		2,962	4,166
Behavior Health	Note payable in monthly installments of \$256, including interest at 7.94%, due January 2020, collateralized by equipment under capital lease.		1,745	4,557
Emerald Coast	Note payable in monthly installments of \$299, including interest at 11%, due September 2019, collateralized by equipment under capital lease.		589	4,175

(Continued)

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 8: CAPITALIZATION LEASE OBLIGATIONS (Continued)

Entity		2019	2018
Greater Fort Lauderdale	Note payable in monthly installments of \$130, including interest at 8%, due May 2021, collateralized by equipment under capital lease.	\$ 2,865	\$ 4,041
Infinity Wake	Note payable in monthly installments of \$230, including interest at 10.06%, due September 2019, collateralized by equipment under capital lease.	899	3,222
Tampa	Note payable in monthly installments of \$195, including interest at 0.00%, due January 2024, collateralized by equipment under capital lease.	8,051	-
Miami-Dade	Note payable in monthly installments of \$164, including interest at 8.00%, due December 2021, collateralized by equipment under capital lease.	2,780	4,453
Miami-Dade	Note payable in monthly installments of \$164, including interest at 8.00%, due December 2021, collateralized by equipment under capital lease.	2,773	4,454
Rio Grande	Note payable in monthly installments of \$57, including interest at 0.00%, paid in full during 2019, collateralized by equipment under capital lease.	-	172
Sandoval	Note payable in monthly installments of \$129, including interest at 7.99%, due November 2021, collateralized by equipment under capital lease.	3,384	-
Southwest Florida	Note payable in monthly installments of \$196, including interest at 15.44%, due October 2021, collateralized by equipment under capital lease.	4,477	6,098
YES	Note payable in monthly installments of \$480, including interest at 8.00%, due April 2023, collateralized by equipment under capital lease.	18,965	23,030
Total Notes Payable		\$ 61,191	\$ 74,791

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 8: CAPITALIZED LEASE OBLIGATIONS (Continued)

Future minimum lease payments subsequent to June 30, 2019 are as follows:

Year Ended June 30,		
2020	\$	23,202
2021		20,132
2022		10,037
2023		6,691
2024		1,129
	\$	61,191

NOTE 9: ACCRUED EXPENSES

Accrued expenses at June 30, 2019 and 2018 consist of:

	2019	2018
Workers compensation self-funded reserve	\$ 2,633,239	\$ 3,201,214
Vehicle and other self-funded reserve	844,750	409,014
Medical self-funded reserve	500,000	500,000
Accrued payroll	628,866	1,005,019
Accrued vacation	749,778	770,208
Accrued severance and unemployment	382,174	42,652
Accrued boat program payments	764,251	1,102,104
Other accruals	1,000,256	1,040,131
	\$ 7,503,314	\$ 8,070,342

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 10: RESTRICTIONS AND LIMITATIONS ON NET ASSETS

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	2019	2018
Education / Scholarship	\$ 817,474	\$ 1,033,845
Experiential Activities	243,788	151,540
Building / Equipment	378,450	270,204
Girls Initiative Program	428,085	428,086
Other	546,324	1,112,986
Endowment	57,090	57,090
	<u>\$ 2,471,211</u>	<u>\$ 3,053,751</u>

The income from the endowment funds is restricted to assist former students of AMIkids' programs with educational or employment-related expense.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"), which establishes statutory law governing Florida not-for-profit Corporation's management of investments.

The Board of Trustees of the Organization has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization;
- (7) The investment policies of the Organization.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 10: RESTRICTIONS AND LIMITATIONS ON NET ASSETS (Continued)

Net assets were released from donor restrictions by occurrence of events specified by donors as follows for the years ended June 30, 2019 and 2018.

	2019	2018
Education / Scholarship	\$ 354,560	\$ 458,486
Experiential Activities	321,066	225,712
Building / Equipment	261,305	204,315
Other	846,438	702,297
	\$ 1,783,369	\$ 1,590,810

NOTE 11: NET ASSETS

The following reflects the separate components of net assets of AMIkids, Inc., AMIkids Foundation and combined Member Institutes and Schools:

	Without Donor Restriction	With Donor Restriction	Total
AMIkids, Inc.			
Net Assets June 30, 2017	\$ 20,256,881	\$ 954,497	\$ 21,211,378
Change in Net Assets	243,814	(193,819)	49,995
Net Assets June 30, 2018	20,500,695	760,678	21,261,373
Change in Net Assets	1,056,301	(581,184)	475,117
Net Assets June 30, 2019	21,556,996	179,494	21,736,490
AMIkids Foundation			
Net Assets June 30, 2017	147,445	1,012,263	1,159,708
Change in Net Assets	36,698	433,988	470,686
Net Assets June 30, 2018	184,143	1,446,251	1,630,394
Change in Net Assets	122,103	(154,417)	(32,314)
Net Assets June 30, 2019	306,246	1,291,834	1,598,080

(Continued)

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 11: NET ASSETS (Continued)

Member Institutes and Schools

Net Assets June 30, 2017	3,399,598	887,613	4,287,211
Change in Net Assets	2,453,689	(40,791)	2,412,898
Net Assets June 30, 2018	5,853,287	846,822	6,700,109
Change in Net Assets	30,919	153,061	183,980
Net Assets June 30, 2019	5,884,206	999,883	6,884,089
Total Net Assets as of June 30, 2019	\$ 27,747,448	\$ 2,471,211	\$ 30,218,659

NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

AMIkids, Inc. financial assets available within one year of the statement of financial position date for general expenditures are as follows:

As of June 30,	2019
Cash and cash equivalents	\$ 11,785,972
Accounts receivable	6,360,496
Investments	7,954,972
Beneficial Interest in Assets Held By Others	661,963
Total	26,763,403
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(2,414,121)
Restricted by donors with time restrictions	(57,090)
Deferred revenue	(810,727)
Collateral for insurance reserves	(4,771,000)
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 18,710,465

AMIkids, Inc. prepares an annual budget that is approved by the Board of Trustees for the upcoming year. The annual budget includes projected revenue based on current grants, contracts and contributions. Internally prepared financial statements comparing budget to actual results are reviewed by management on a monthly basis and cash flow is monitored daily.

Generally AMIkids, Inc. will have advance notice of grants and contracts terminating and will manage the reductions in cash flow by reducing expenditures and where necessary, by reducing staffing levels.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As part of AMIkids, Inc.'s liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations come due. In addition, AMIkids, Inc. invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, AMIkids, Inc. has committed lines of credit in the amount of \$9 million, which it could draw upon.

NOTE 13: CASUALTY GAIN

During 2019, the Organization recorded a casualty gain resulting from Hurricane Michael. The Organization filed an insurance claim and recorded approximately \$2,200,000 in insurance proceeds, which is recorded in Revenue, Other in the combined statement of activities; approximately \$700,000 in remediation costs, which is recorded in equipment and maintenance in the combined statement of functional expenses; and approximately \$200,000 is property and equipment write-offs, which is recorded in impairment and other expenses in the accompanying statement of functional expenses.

NOTE 14: COMMITMENTS AND CONTINGENCIES

A substantial portion of AMIkids' public support is derived from programs supported by various funding agencies. Under the terms of the agreements with the funding agencies, AMIkids' financial records are subject to audit by the appropriate governmental authorities. Depending on the results of these audits, if any, funds may be required to be refunded to the appropriate agency.

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

AMIkids leases facilities under operating leases expiring in various years. Rent expense on these operating leases charged to operations for the years ended June 30, 2019 and 2018 was approximately \$560,000 and \$602,000, respectively. Based on the current operating leases, the annual lease expense is expected to remain consistent with 2019 expense over the next five years. Typically there are no operating leases with terms greater than five years.

AMIkids receives donations of boats that are recorded at fair value less estimated selling expenses at the time of the donation. Management has estimated the net realizable value of the boat inventory at \$2,948,813 and \$4,479,629 at June 30, 2019 and 2018, respectively. Net realizable value is estimated based on third party appraisals, broker valuations, management's experience with the boat charter industry and estimated selling expenses are based on management's historical experiences with brokers. The actual net realizable value of the boats is not known until the boat is sold or leased.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

AMIkids has purchased high-deductible policies for workers compensation and for vehicle and other property and casualty insurance and is responsible for all claims below the deductible level. Management has accrued approximately \$3,480,000 and \$3,600,000 at June 30, 2019 and 2018, respectively as an estimate of losses on unpaid claims under these insurance policies. These accruals are estimated based on current and historical claims experience. It is reasonably possible that these estimates will change and, if changed, could have a material impact on the Organization's financial position and results of operations.

Under AMIkids' workers compensation and vehicle policies, the Organization has provided the insurance carrier a letter of credit for \$50,000, which is collateralized by investments and cash and cash equivalents held by AMIkids. There is also an additional \$4,721,000 held in a secured collateralized account to support these policies.

AMIkids is self-funded for group health insurance up to a maximum of \$175,000 per employee. Management has accrued \$500,000 at June 30, 2019 and 2018, for estimated claims, including known claims and claims which are estimated to have occurred but which have not yet been reported. This estimate is based on current and historical claims experience and other information obtained from AMIkids' insurance provider. It is reasonably possible that these estimates will change and, if changed, could have a material impact on the Organization's financial position and results of operations. Adjustments to the estimated claims accrual are made when the need for such adjustments becomes apparent.

NOTE 14: RETIREMENT PLANS

AMIkids maintains a noncontributory defined contribution 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 total compensation for the year. The pension expense for the years ended June 30, 2019 and 2018 was approximately \$1,692,000 and \$1,621,000, respectively, and is included in employee benefits and payroll taxes on the combined statement of functional expenses.

AMIkids has a deferred compensation plan in place for certain key members of management, which is accrued for and included in accrued pension in the combined statement of financial position. The deferred compensation plan is generally funded on an annual basis and the related assets are included as a component of investments. The cost related to the deferred compensation plan for the years ended June 30, 2019 and 2018 was approximately \$24,100 and \$180,200, respectively.

AMIkids, Inc. and Affiliates Notes to Combined Financial Statements

NOTE 15: RELATED PARTY TRANSACTIONS

There were no related party transactions significant to the combined financial statements. AMIkids has rigorous controls concerning related party transactions to ensure that all transactions are in the best interest of the mission. Details of related party transactions can be found in Form 990s which AMIkids files annually with the Internal Revenue Service.

NOTE 16: INSTITUTE OPENINGS, CLOSINGS AND PROGRAMMATIC MODEL CHANGES

Openings

During the year, AMIkids opened AMIkids Alabama, Inc. to provide Functional Family Therapy services program for students and their families engaged with the Alabama Juvenile Justice System in various counties starting March 1, 2019. AMIkids re-opened AMIkids Crossroads and changed the name to AMIkids Behavioral Health. AMIkids Behavioral Health provides mental health and substance abuse services to affiliates throughout Florida and various states.

Closings

AMIkids ceased operations at AMIkids St. Louis due to the conclusion of the contract.

Programmatic Model Changes

Florida Department of Juvenile Justice (FL DJJ) changed its services from a facility-based model to a community-based at the expiration of the contract in several circuits in which AMIkids provided services. AMIkids was not awarded the community-based contracts in those circuits. Those programs will continue to operate utilizing a different programmatic model. AMIkids Southwest Florida and AMIkids Pensacola will operate a re-entry program funded by the Department of Labor; AMIkids Tallahassee will provide behavior modification services at a local county school; AMIkids Emerald Coast is expected to provide vocational services using private funding. AMIkids Panama City will continue to operate its wraparound and educational services with no FL DJJ services.

The Organization paid approximately \$22,000 of severance costs during 2019 related to the closure and programmatic model changes. In addition, approximately \$357,000 has been recorded in accrued expenses as of June 30, 2019 for future payments of unemployment, severance and other payroll costs related to staff terminated pursuant to the closure and programmatic model changes. The total amount expensed during the year ended June 30, 2019 related to one-time termination benefits was approximately \$379,000 and is included in program expenses on the accompanying combined statement of activities. Of this amount, \$216,000 is included in salaries and \$163,000 is included in employee benefits and payroll taxes on the accompanying combined statement of functional expenses.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 17: SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to June 30, 2019 as of October 1, 2019, which is the date the combined financial statements were issued. Subsequent events occurring after October 1, 2019 have not been evaluated by management. No material events have occurred since June 30, 2019 that requires recognition or disclosure in the combined financial statements.



SUPPLEMENTAL INFORMATION

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position
June 30, 2019

	AMikids	AMikids Foundation	AMikids Baton Rouge	AMikids Beaufort	AMikids Bennettsville	AMikids Clay County	AMikids Behavior Health	AMikids Emerald Coast	AMikids Gainesville	AMikids Georgetown
Assets										
Cash and Cash Equivalents	\$ 2,452,162	\$ 4,359,210	\$ 117,868	\$ 102,159	\$ 11,780	\$ 69,215	\$ 5,856.00	\$ 94,287	\$ 14,913	\$ 131,221
Investments	5,645,526	1,634,112	50,795	17,328	-	-	-	-	-	-
Accounts Receivable:										
Funding Agencies	3,890,634	-	47,095	3,712	5,619	40,047	-	-	-	2,191
Other	46,163	15,000	5,428	29,783	8,802	-	-	1,105	8,503	2,218
Prepaid Expenses and Other Assets	618,454	-	37,424	38,020	25,259	21,164	1,545	29,641	29,033	32,550
Due from Affiliates	19,249,418	-	42,358	130,473	112,782	65,189	8,664	38,349	49,263	182,379
Assets Held for Sale	-	-	-	-	-	-	80,000	-	63,626	-
Boat Inventory	2,928,135	-	-	9,540	-	-	-	-	-	-
Boats under Lease	13,037,387	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	2,656,195	-	369,625	586,292	65,054	4,580	1,264	19,075	4,042	362,454
Total Assets	\$ 50,524,074	\$ 6,008,322	\$ 670,593	\$ 917,307	\$ 229,296	\$ 200,195	\$ 97,329	\$ 182,457	\$ 169,380	\$ 713,013
Liabilities and Net Assets										
Liabilities:										
Lines of Credit	\$ 3,850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	719,553	-	14,357	26,572	39,503	21,266	379	4,955	5,805	20,864
Accrued Expenses	10,198,496	1,825	22,408	43,033	41,176	53,432	3,080	33,803	26,071	48,089
Accrued Pension	2,097,934	-	-	-	-	-	-	-	-	-
Due to Affiliates	4,342,464	3,620,638	471,327	12,511	1,032,740	511,230	99,150	741,020	1,252,057	-
Deferred Revenues	2,215,470	787,779	-	-	2,998	-	-	-	31,291	-
Security Deposits	3,072,000	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	-	4,875	3,981	-	-	1,745	589	-	-
Long Term Debt	2,291,667	-	-	-	-	-	-	-	-	-
Total Liabilities	28,787,584	4,410,242	512,967	86,097	1,116,417	585,928	104,354	780,367	1,315,224	68,953
Net Assets:										
Without donor restrictions										
Undesignated	21,556,996	306,246	109,517	750,334	(887,521)	(396,571)	(14,590)	(653,694)	(1,154,985)	632,446
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-
With donor restrictions	179,494	1,291,834	48,109	80,876	400	10,838	7,565	55,784	9,141	11,614
Total Net Assets	21,736,490	1,598,080	157,626	831,210	(887,121)	(385,733)	(7,025)	(597,910)	(1,145,844)	644,060
Total Liabilities and Net Assets	\$ 50,524,074	\$ 6,008,322	\$ 670,593	\$ 917,307	\$ 229,296	\$ 200,195	\$ 97,329	\$ 182,457	\$ 169,380	\$ 713,013

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2019

	AMikids Greater		AMikids	AMikids	AMikids North	AMikids Panama			AMikids		
	AMikids Georgia	Ft. Lauderdale	Jacksonville	Miami-Dade	Carolina Family	AMikids Orlando	City Marine	Institute	AMikids Pasco	Pensacola	AMikids Pinellas
Assets											
Cash and Cash Equivalents	\$ -	\$ 98,477	\$ 125,291	\$ 639,934	\$ 200,102	\$ 75,742	\$ 722,834	\$ -	\$ 203,667	\$ 77,472	
Investments	-	-	-	-	-	-	-	-	-	-	
Accounts Receivable:											
Funding Agencies	-	-	44,553	69,362	-	46,616	-	-	-	17,066	5,161
Other	-	9,891	1,437	16,735	1,954	639	22,349	-	-	2,069	2,953
Prepaid Expenses and Other Assets	-	40,307	45,781	63,976	133,862	27,797	93,608	-	-	81,436	48,135
Due from Affiliates	19,721	81,369	80,315	232,031	1,150,840	117,333	1,104,467	29,302	241,332	79,192	
Assets Held for Sale	-	-	-	-	-	-	-	85,000	-	-	-
Boat Inventory	-	2,455	-	-	-	-	8,283	-	-	-	400
Boats under Lease	-	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	-	70,669	710,414	50,090	11,550	39,719	672,369	-	287,871	1,075,421	
Total Assets	\$ 19,721	\$ 303,168	\$ 1,007,791	\$ 1,072,128	\$ 1,498,308	\$ 307,846	\$ 2,623,910	\$ 114,302	\$ 833,441	\$ 1,288,734	
Liabilities and Net Assets											
Liabilities:											
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	16,920	9,767	25,417	47,868	11,510	33,394	-	44,502	15,091	
Accrued Expenses	1,825	28,775	39,103	93,687	77,857	33,487	102,346	-	133,339	32,390	
Accrued Pension	-	-	-	-	-	-	-	-	-	-	
Due to Affiliates	977	489,906	382,823	89,937	90,449	482,134	28,805	54,000	257,469	160,601	
Deferred Revenues	-	16,031	1,834	-	-	82	276,457	-	-	-	
Security Deposits	-	-	-	-	-	-	-	-	-	-	
Obligations under capital lease	-	2,865	-	5,553	-	-	-	-	-	-	
Long Term Debt	-	-	464,315	-	-	-	302,625	-	119,388	-	
Total Liabilities	2,802	554,497	897,842	214,594	216,174	527,213	743,627	54,000	554,698	208,082	
Net Assets:											
Without donor restrictions											
Undesignated	16,919	(345,739)	39,431	767,081	1,282,134	(294,201)	1,788,646	31,157	237,645	1,076,630	
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-	
With donor restrictions	-	94,410	70,518	90,453	-	74,834	91,637	29,145	41,098	4,022	
Total Net Assets	16,919	(251,329)	109,949	857,534	1,282,134	(219,367)	1,880,283	60,302	278,743	1,080,652	
Total Liabilities and Net Assets	\$ 19,721	\$ 303,168	\$ 1,007,791	\$ 1,072,128	\$ 1,498,308	\$ 307,846	\$ 2,623,910	\$ 114,302	\$ 833,441	\$ 1,288,734	

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2019

	AMikids Piedmont	AMikids Sand Hills	AMikids Sandoval	AMikids Southwest Florida	AMikids Space Coast	AMikids St. Louis	AMikids Tallahassee	AMikids Tampa	AMikids Virginia Wilderness	AMikids Volusia
Assets										
Cash and Cash Equivalents	\$ 231,635	\$ 33,284	\$ 14,839	\$ 139,006	\$ 121,108	\$ 18,724	\$ 15,563	\$ 196,968	\$ -	\$ 22,427
Investments	-	-	-	-	-	-	-	-	-	-
Accounts Receivable:										
Funding Agencies	3,303	3,256	-	18,044	89,414	56,444	114,775	8,850	-	3,494
Other	3,530	3,778	1,958	4,835	5,360	-	6,306	-	-	2,789
Prepaid Expenses and Other Assets	32,557	29,461	112,668	32,989	45,529	-	25,479	36,565	9,922	38,067
Due from Affiliates	104,981	116,132	61,864	70,823	197,206	41,577	39,885	123,923	-	45,789
Assets Held for Sale	-	-	-	-	-	-	-	-	142,573	-
Boat Inventory	-	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	582,403	-	-	-	-	-	-
Property and Equipment, Net	53,600	22,030	201,041	108,952	398,557	-	108,454	263,324	-	153
Total Assets	\$ 429,606	\$ 207,941	\$ 392,370	\$ 957,052	\$ 857,174	\$ 116,745	\$ 310,462	\$ 629,630	\$ 152,495	\$ 112,719
Liabilities and Net Assets										
Liabilities:										
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	23,770	34,976	21,580	11,616	95,299	8,565	17,749	89,286	-	15,781
Accrued Expenses	44,077	43,448	68,543	84,763	62,361	44,832	50,447	44,321	898	21,393
Accrued Pension	-	-	-	-	-	-	-	-	-	-
Due to Affiliates	26,595	672,532	3,254,594	194,975	37,164	3,739	264,555	400,522	194,366	446,988
Deferred Revenues	-	1,894	-	4,610	16,815	-	1,768	36,219	-	128
Security Deposits	-	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	-	3,384	4,477	-	-	-	8,051	-	-
Long Term Debt	-	-	-	-	-	-	-	17,397	-	-
Total Liabilities	94,442	752,850	3,348,101	300,441	211,639	57,136	334,519	595,796	195,264	484,290
Net Assets:										
Without donor restrictions										
Undesignated	331,757	(544,909)	(2,958,552)	586,045	582,844	37,780	(26,057)	21,988	(42,769)	(375,402)
Board designated endowment fund	-	-	-	28,896	-	-	-	-	-	-
With donor restrictions	3,407	-	2,821	41,670	62,691	21,829	2,000	11,846	-	3,831
Total Net Assets	335,164	(544,909)	(2,955,731)	656,611	645,535	59,609	(24,057)	33,834	(42,769)	(371,571)
Total Liabilities and Net Assets	\$ 429,606	\$ 207,941	\$ 392,370	\$ 957,052	\$ 857,174	\$ 116,745	\$ 310,462	\$ 629,630	\$ 152,495	\$ 112,719

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2019

	AMikids White Pines	AMikids Acadiana	AMikids Big Cypress	AMikids Family Services, Inc.	AMikids Gadsden Center for Academic Discipline	AMikids Infinity Marlboro	AMikids Infinity Wake County	AMikids Virginia, Inc.	AMikids Rio Grande Valley	AMikids Sarasota County
Assets										
Cash and Cash Equivalents	\$ 142,964	\$ 131,215	\$ -	\$ 118,178	\$ 184,824	\$ 107,562	\$ 42,454	\$ 70,918	\$ 16,192	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Accounts Receivable:										
Funding Agencies	8,756	-	-	-	-	-	35,655	1,310,858	77,551	-
Other	72	11,958	-	-	-	-	-	27,390	8,074	-
Prepaid Expenses and Other Assets	49,734	60,142	-	25,198	19,080	14,281	13,103	8,832	32,019	-
Due from Affiliates	221,766	212,441	-	122,152	47,193	7,009	2,700	221,790	87,515	121,026
Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	98,518	68,540	-	-	1,803	-	539	1,084	8,563	-
Total Assets	\$ 521,810	\$ 484,296	\$ -	\$ 265,528	\$ 252,900	\$ 128,852	\$ 94,451	\$ 1,640,872	\$ 229,914	\$ 121,026
Liabilities and Net Assets										
Liabilities:										
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	62,460	29,897	-	30,405	11,947	3,018	4,581	1,314,835	16,527	-
Accrued Expenses	68,873	89,370	-	102,873	24,495	6,336	8,753	58,908	27,638	45,000
Accrued Pension	-	-	-	-	-	-	-	-	-	-
Due to Affiliates	43,690	1,675,630	-	58,337	180	6,878	13,389	15,353	2,808,281	-
Deferred Revenues	-	-	-	27,282	10,951	-	-	-	2,116	-
Security Deposits	-	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	-	-	-	-	-	899	-	-	-
Long Term Debt	-	38,714	-	-	-	-	-	-	-	-
Total Liabilities	175,023	1,833,611	-	218,897	47,573	16,232	27,622	1,389,096	2,854,562	45,000
Net Assets:										
Without donor restrictions										
Undesignated	346,787	(1,369,735)	-	46,631	205,327	108,238	62,349	251,776	(2,668,152)	76,026
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-
With donor restrictions	-	20,420	-	-	-	4,382	4,480	-	43,504	-
Total Net Assets	346,787	(1,349,315)	-	46,631	205,327	112,620	66,829	251,776	(2,624,648)	76,026
Total Liabilities and Net Assets	\$ 521,810	\$ 484,296	\$ -	\$ 265,528	\$ 252,900	\$ 128,852	\$ 94,451	\$ 1,640,872	\$ 229,914	\$ 121,026

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2019

	AMikids Savannah River	AMikids YES	AMikids Georgia Properties	AMikids Louisiana Properties	South Carolina Wilderness Institute	AMikids New Mexico Properties	AMikids South Carolina Statewide	AMikids Wings Texas	AMikids Caddo, Inc	AMikids Manatee, Inc.
Assets										
Cash and Cash Equivalents	\$ 12,846	\$ 103,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,089	\$ 344,384
Investments	-	607,211	-	-	-	-	-	-	-	-
Accounts Receivable:										
Funding Agencies	103,276	60,999	-	-	-	-	-	-	3,454	24,765
Other	911	13,107	-	63,977	-	17,825	-	-	120	329
Prepaid Expenses and Other Assets	53,103	41,739	-	-	-	-	-	100	65,038	19,402
Due from Affiliates	-	211,074	-	464,259	-	756,000	1,049	-	-	58,847
Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	79,560
Property and Equipment, Net	17,476	61,432	2,164,112	1,055,668	103,000	-	-	-	5,216	44,049
Total Assets	\$ 187,612	\$ 1,099,199	\$ 2,164,112	\$ 1,583,904	\$ 103,000	\$ 773,825	\$ 1,049	\$ 100	\$ 229,917	\$ 571,336
Liabilities and Net Assets										
Liabilities:										
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	23,993	87,431	-	-	-	-	-	-	12,865	7,659
Accrued Expenses	41,874	57,560	600	600	600	600	-	-	50,788	65,579
Accrued Pension	-	-	-	-	-	-	-	-	-	-
Due to Affiliates	1,180,547	84,882	358,523	-	6,420	-	-	-	479,126	27,298
Deferred Revenues	-	20,765	-	-	-	-	-	-	-	6,472
Security Deposits	-	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	18,965	-	-	-	-	-	-	5,807	-
Long Term Debt	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,246,414	269,603	359,123	600	7,020	600	-	-	548,586	107,008
Net Assets:										
Without donor restrictions										
Undesignated	(1,060,756)	740,463	1,804,989	1,583,304	95,980	773,225	-	100	(319,754)	384,128
Board designated endowment fund	-	-	-	-	-	-	-	-	-	75,000
With donor restrictions	1,954	89,133	-	-	-	-	1,049	-	1,085	5,200
Total Net Assets	(1,058,802)	829,596	1,804,989	1,583,304	95,980	773,225	1,049	100	(318,669)	464,328
Total Liabilities and Net Assets	\$ 187,612	\$ 1,099,199	\$ 2,164,112	\$ 1,583,904	\$ 103,000	\$ 773,825	\$ 1,049	\$ 100	\$ 229,917	\$ 571,336

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2019

	AMIkids Alabama, Inc.	Total Before Eliminations	Eliminations	Total
Assets				
Cash and Cash Equivalents	\$ 58,965	\$ 11,785,972	\$ -	\$ 11,785,972
Investments	-	7,954,972	-	7,954,972
Accounts Receivable:				
Funding Agencies	-	6,094,950	-	6,094,950
Other	-	347,348	(81,802)	265,546
Prepaid Expenses and Other Assets	25,147	2,158,147	(567,000)	1,591,147
Due from Affiliates	51,429	26,403,207	(26,403,207)	-
Assets Held for Sale	-	371,199	-	371,199
Boat Inventory	-	2,948,813	-	2,948,813
Boats under Lease	-	13,037,387	-	13,037,387
Beneficial interest in assets held by others	-	661,963	-	661,963
Property and Equipment, Net	1,237	11,774,032	-	11,774,032
Total Assets	\$ 136,778	\$ 83,537,990	\$ (27,052,009)	\$ 56,485,981
Liabilities and Net Assets				
Liabilities:				
Lines of Credit	\$ -	\$ 3,850,000	\$ -	\$ 3,850,000
Accounts Payable	5,852	2,987,815	-	2,987,815
Accrued Expenses	5,441	12,135,193	(4,631,879)	7,503,314
Accrued Pension	-	2,097,934	-	2,097,934
Due to Affiliates	28,809	26,403,611	(26,403,611)	-
Deferred Revenues	-	3,460,962	-	3,460,962
Security Deposits	-	3,072,000	-	3,072,000
Obligations under capital lease	-	61,191	-	61,191
Long Term Debt	-	3,234,106	-	3,234,106
Total Liabilities	40,102	57,302,812	(31,035,490)	26,267,322
Net Assets:				
Without donor restrictions				
Undesignated	96,676	23,618,208	4,025,344	27,643,552
Board designated endowment fund	-	103,896	-	103,896
With donor restrictions	-	2,513,074	(41,863)	2,471,211
Total Net Assets	96,676	26,235,178	3,983,481	30,218,659
Total Liabilities and Net Assets	\$ 136,778	\$ 83,537,990	\$ (27,052,009)	\$ 56,485,981

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities
Year ended June 30, 2019

	AMIkids	AMIkids Foundation	AMIkids Baton Rouge	AMIkids Beaufort	AMIkids Bennettsville	AMIkids Clay County	AMIkids Behavior Health	AMIkids Emerald Coast	AMIkids Gainesville	AMIkids Georgetown
Public Support and revenue:										
State support:										
Florida	\$ 4,113,863	\$ -	\$ -	\$ -	\$ -	\$ 730,635	\$ -	\$ 385,631	\$ 494,664	\$ -
South Carolina	1,466,498	-	-	1,111,204	1,320,984	-	-	-	-	1,177,281
Louisiana	354,258	-	417,943	-	-	-	-	-	-	-
Texas	67,042	-	-	-	-	-	-	-	-	-
North Carolina	287,760	-	-	-	-	-	-	-	-	-
Missouri	74,817	-	-	-	-	-	-	-	-	-
Virginia	95,818	-	-	-	-	-	-	-	-	-
Alabama	22,857	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	512,318	-	205,920	213,590	48,413	3,908	-	22,182	59,016	57,724
Regional Revenue	40,000	-	47,105	-	-	342,527	32,501	235,766	291,071	-
Contributions	671,658	740,231	76,879	232,617	92,793	38,776	-	150,446	7,583	41,345
Total Public Support	7,706,889	740,231	747,847	1,557,411	1,462,190	1,115,846	32,501	794,025	852,334	1,276,350
Revenue										
Boat Program	10,696,768	-	-	-	-	-	-	-	-	-
Investment income (loss)	988,814	171,821	955	1,448	-	-	70	-	36	1,661
Other	1,713,266	-	(188)	30,175	-	6,207	3,165	11,640	16,238	1,846
Total revenue	13,398,848	171,821	767	31,623	-	6,207	3,235	11,640	16,274	3,507
Total public support and revenue	21,105,737	912,052	748,614	1,589,034	1,462,190	1,122,053	35,736	805,665	868,608	1,279,857
Expenses:										
Program Services	5,815,427	941,331	646,529	1,627,933	1,474,027	1,076,184	41,804	829,214	915,843	1,370,423
Boat Program	9,813,197	-	-	-	-	-	-	-	-	-
Management and general	4,432,111	3,035	28,355	28,663	26,387	20,058	3,373	28,383	27,689	27,713
Fundraising	569,885	-	-	-	-	-	-	-	-	-
Total expense	20,630,620	944,366	674,884	1,656,596	1,500,414	1,096,242	45,177	857,597	943,532	1,398,136
Change in Net assets	475,117	(32,314)	73,730	(67,562)	(38,224)	25,811	(9,441)	(51,932)	(74,924)	(118,279)
Net assets (deficit), beginning of the year	21,261,373	1,630,394	83,896	898,772	(848,897)	(411,544)	2,416	(545,978)	(1,070,920)	762,339
Net assets (deficit), end of the year	\$ 21,736,490	\$ 1,598,080	\$ 157,626	\$ 831,210	\$ (887,121)	\$ (385,733)	\$ (7,025)	\$ (597,910)	\$ (1,145,844)	\$ 644,060

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2019

	AMIkids Georgia	AMIkids Greater Ft. Lauderdale	AMIkids Jacksonville	AMIkids Miami-Dade	AMIkids North Carolina Family Services	AMIkids Orlando	AMIkids Panama City Marine Institute	AMIkids Pasco	AMIkids Pensacola	AMIkids Pinellas
Public Support and revenue:										
State support:										
Florida	\$ -	\$ 695,849	\$ 673,694	\$ 1,792,563	\$ -	\$ 649,105	\$ 654,142	\$ -	\$ 2,772,474	\$ 899,024
South Carolina	-	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	2,589,840	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	-	51,829	32,666	89,609	-	6,235	366,764	-	107,088	9,971
Regional Revenue	-	264,424	403,777	595,954	-	379,944	426,639	-	21,173	259,351
Contributions	-	38,018	132,770	266,988	4,325	47,843	359,749	-	64,885	116,367
Total Public Support	-	1,050,120	1,242,907	2,745,114	2,594,165	1,083,127	1,807,294	-	2,965,620	1,284,713
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	422	48	(65)	498	13,243	737	92	300	191	57
Other	-	27,151	11,880	31,045	2,100	5,880	2,257,271	-	15,600	28,952
Total revenue	422	27,199	11,815	31,543	15,343	6,617	2,257,363	300	15,791	29,009
Total public support and revenue	422	1,077,319	1,254,722	2,776,657	2,609,508	1,089,744	4,064,657	300	2,981,411	1,313,722
Expenses:										
Program Services	-	1,209,140	1,177,348	2,702,061	2,369,478	1,052,360	2,662,399	25,000	2,948,447	1,276,575
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	2,954	30,388	34,519	62,346	37,455	37,335	51,850	-	42,931	27,171
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	2,954	1,239,528	1,211,867	2,764,407	2,406,933	1,089,695	2,714,249	25,000	2,991,378	1,303,746
Change in Net assets	(2,532)	(162,209)	42,855	12,250	202,575	49	1,350,408	(24,700)	(9,967)	9,976
Net assets (deficit), beginning of the year	19,451	(89,120)	67,094	845,284	1,079,559	(219,416)	529,875	85,002	288,710	1,070,676
Net assets (deficit), end of the year	\$ 16,919	\$ (251,329)	\$ 109,949	\$ 857,534	\$ 1,282,134	\$ (219,367)	\$ 1,880,283	\$ 60,302	\$ 278,743	\$ 1,080,652

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2019

	AMIkids Piedmont	AMIkids Sand Hills	AMIkids Sandoval	AMIkids Southwest Florida	AMIkids Space Coast	AMIkids St. Louis	AMIkids Tallahassee	AMIkids Tampa	AMIkids Virginia Wilderness	AMIkids Volusia
Public Support and revenue:										
State support:										
Florida	\$ -	\$ -	\$ -	\$ 656,393	\$ 2,176,428	\$ -	\$ 489,723	\$ 1,023,030	\$ -	\$ 572,062
South Carolina	1,177,281	1,323,002	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	625,000	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	50,392	43,306	798,433	42,520	112,484	-	46,919	24,294	-	15,911
Regional Revenue	3,000	-	-	331,297	303,434	76,444	209,437	106,204	-	206,831
Contributions	20,881	135,160	6,569	184,469	185,666	67,173	19,176	135,570	1,620	7,167
Total Public Support	1,251,554	1,501,468	805,002	1,214,679	2,778,012	768,617	765,255	1,289,098	1,620	801,971
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	81	2	169	21,698	(38)	-	-	256	34	-
Other	223	-	-	11,640	26,960	160	16	39,859	2,674	5,840
Total revenue	304	2	169	33,338	26,922	160	16	40,115	2,708	5,840
Total public support and revenue	1,251,858	1,501,470	805,171	1,248,017	2,804,934	768,777	765,271	1,329,213	4,328	807,811
Expenses:										
Program Services	1,169,818	1,477,400	1,531,506	1,352,567	2,741,816	739,775	752,593	1,173,996	46,624	878,601
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	29,634	27,766	19,242	44,041	40,974	30,717	26,796	25,392	458	22,751
Fundraising	-	-	-	-	1,830	-	-	-	-	-
Total expense	1,199,452	1,505,166	1,550,748	1,396,608	2,784,620	770,492	779,389	1,199,388	47,082	901,352
Change in Net assets	52,406	(3,696)	(745,577)	(148,591)	20,314	(1,715)	(14,118)	129,825	(42,754)	(93,541)
Net assets (deficit), beginning of the year	282,758	(541,213)	(2,210,154)	805,202	625,221	61,324	(9,939)	(95,991)	(15)	(278,030)
Net assets (deficit), end of the year	\$ 335,164	\$ (544,909)	\$ (2,955,731)	\$ 656,611	\$ 645,535	\$ 59,609	\$ (24,057)	\$ 33,834	\$ (42,769)	\$ (371,571)

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2019

	AMIkids White Pines	AMIkids Acadiana	AMIkids Big Cypress	AMIkids Family Services, Inc.	Center for Academic Discipline	AMIkids Infinity Marlboro	AMIkids Infinity Wake County	AMIkids Virginia, Inc.	AMIkids Rio Grande Valley	AMIkids Sarasota County
Public Support and revenue:										
State support:										
Florida	\$ -	\$ -	\$ -	\$ 1,477,307	\$ 573,064	\$ -	\$ -	\$ -	\$ -	\$ -
South Carolina	2,468,240	-	-	-	-	-	-	-	-	-
Louisiana	-	2,319,944	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	380,486	-
North Carolina	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	542,935	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	79,221	237,292	-	-	-	-	-	-	45,675	-
Regional Revenue	-	203,864	-	-	-	450,000	427,860	-	249,921	-
Contributions	337,255	30,335	-	450	3,490	5,358	10,945	536	28,580	-
Total Public Support	2,884,716	2,791,435	-	1,477,757	576,554	455,358	438,805	543,471	704,662	-
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	201	225	-	-	-	168	-	-	658	2,197
Other	-	1,000	-	-	4,755	20	-	-	500	25,000
Total revenue	201	1,225	-	-	4,755	188	-	-	1,158	27,197
Total public support and revenue	2,884,917	2,792,660	-	1,477,757	581,309	455,546	438,805	543,471	705,820	27,197
Expenses:										
Program Services	3,076,905	2,491,467	-	1,355,109	542,889	374,888	372,370	433,112	1,097,553	25,000
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	43,264	37,232	-	67,727	12,570	32,145	32,031	23,105	33,903	505
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	3,120,169	2,528,699	-	1,422,836	555,459	407,033	404,401	456,217	1,131,456	25,505
Change in Net assets	(235,252)	263,961	-	54,921	25,850	48,513	34,404	87,254	(425,636)	1,692
Net assets (deficit), beginning of the year	582,039	(1,613,276)	-	(8,290)	179,477	64,107	32,425	164,522	(2,199,012)	74,334
Net assets (deficit), end of the year	\$ 346,787	\$ (1,349,315)	\$ -	\$ 46,631	\$ 205,327	\$ 112,620	\$ 66,829	\$ 251,776	\$ (2,624,648)	\$ 76,026

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2019

	AMIkids Savannah River	AMIkids YES	AMIkids Georgia Properties	AMIkids Louisiana Properties	South Carolina Wilderness Institute	AMIkids New Mexico Properties	AMIkids South Carolina Statewide	AMIkids Wings Texas	AMIkids Caddo, Inc	AMIkids Manatee, Inc.
Public Support and revenue:										
State support:										
Florida	\$ -	\$ 2,316,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 668,510
South Carolina	-	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	1,181,298	-	-	-	-	-	-	-	-	-
Federal support	-	81,033	-	-	-	-	-	-	38,871	3,391
Regional Revenue	-	356,106	-	-	-	-	-	-	1,731,196	335,730
Contributions	101,374	85,356	-	16,385	-	-	-	-	2,832	59,879
Total Public Support	1,282,672	2,838,748	-	16,385	-	-	-	-	1,772,899	1,067,510
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	20,526	-	21,795	-	35,493	23	-	-	6,086
Other	3,820	10,328	-	140,000	-	-	-	-	-	-
Total revenue	3,820	30,854	-	161,795	-	35,493	23	-	-	6,086
Total public support and revenue	1,286,492	2,869,602	-	178,180	-	35,493	23	-	1,772,899	1,073,596
Expenses:										
Program Services	1,540,199	2,916,521	102,226	96,476	-	16,385	-	-	1,770,024	918,144
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	95,854	45,467	1,191	866	867	1,158	322	-	145,186	32,333
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	1,636,053	2,961,988	103,417	97,342	867	17,543	322	-	1,915,210	950,477
Change in Net assets	(349,561)	(92,386)	(103,417)	80,838	(867)	17,950	(299)	-	(142,311)	123,119
Net assets (deficit), beginning of the year	(709,241)	921,982	1,908,406	1,502,466	96,847	755,275	1,348	100	(176,358)	341,209
Net assets (deficit), end of the year	\$ (1,058,802)	\$ 829,596	\$ 1,804,989	\$ 1,583,304	\$ 95,980	\$ 773,225	\$ 1,049	\$ 100	\$ (318,669)	\$ 464,328

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2019

	AMIkids Alabama, Inc.	Total Before Eliminations	Eliminations	Total
Public Support and revenue:				
State support:				
Florida	\$ -	\$ 23,814,414	\$ -	\$ 23,814,414
South Carolina	-	10,044,490	-	10,044,490
Louisiana	-	3,092,145	-	3,092,145
Texas	-	447,528	-	447,528
North Carolina	-	2,877,600	-	2,877,600
Missouri	-	699,817	-	699,817
Virginia	-	638,753	-	638,753
Alabama	205,714	228,571	-	228,571
Georgia	-	1,181,298	-	1,181,298
Federal support	-	3,406,975	(45,969)	3,361,006
Regional Revenue	-	8,331,556	(32,501)	8,299,055
Contributions	-	4,529,499	(1,072,228)	3,457,271
Total Public Support	205,714	59,292,646	(1,150,698)	58,141,948
Revenue				
Boat Program	-	10,696,768	-	10,696,768
Investment income (loss)	-	1,289,902	(862,087)	427,815
Other	-	4,435,023	(1,962,726)	2,472,297
Total revenue	-	16,421,693	(2,824,813)	13,596,880
Total public support and revenue	205,714	75,714,339	(3,975,511)	71,738,828
Expenses:				
Program Services	101,554	59,257,041	(4,126,138)	55,130,903
Boat Program	-	9,813,197	-	9,813,197
Management and general	7,484	5,833,697	(237,467)	5,596,230
Fundraising	-	571,715	-	571,715
Total expense	109,038	75,475,650	(4,363,605)	71,112,045
Change in Net assets	96,676	238,689	388,094	626,783
Net assets (deficit), beginning of the year	-	25,996,489	3,595,387	29,591,876
Net assets (deficit), end of the year	\$ 96,676	\$ 26,235,178	\$ 3,983,481	\$ 30,218,659

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule of Compensation, Benefits and Other Payments to Agency Head
Or Chief Executive Officer
Year ended June 30, 2019

Agency Head Name: Mike Thornton

Purpose	June 30, 2019
Salary	\$ 215,429
Benefits-Insurance	9,829
Benefits-retirement	56,000
Reimbursements	3,841
Travel	27,102
Total	\$ 312,201

See Independent Auditors' Report.



COMPLIANCE

**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 Trustees
AMIKids, Inc.
Tampa, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the AMIKids, Inc. and Affiliates ("the Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

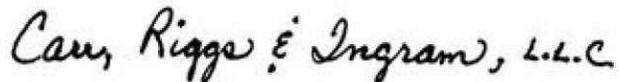
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2019-001.

The Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

CARR, RIGGS, & INGRAM, LLC

Tampa, Florida
October 1, 2019



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Trustees
AMIKids, Inc.
Tampa, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the AMIKids, Inc. and Affiliates's ("the Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2019. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General, *Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations*. Those standards, Uniform Guidance and Chapter 10.650, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 qualified and unmodified opinions on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Basis for Qualified Opinion on CFDA 10.555 National School Lunch Program

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements regarding CFDA 10.555 National School Lunch Program as described in finding number 2019-001 for Procurement. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 10.555 National School Lunch Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 10.555 National School Lunch Program for the year ended June 30, 2019.

Unmodified Opinion on the Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major state project identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Other Matters

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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 Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
October 1, 2019

AMikids, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	CFDA CSFA Number	Pass-Through Grant Number	(Note 1) Amount of Expenditures	Amount Provided To Subrecipients
FEDERAL AWARDS				
U.S. DEPARTMENT OF AGRICULTURE				
Indirect Programs:				
Child Nutrition Cluster				
Passed thru Florida Department of Agriculture				
National School Lunch Program (Note 2)	10.555	01-0233	381,119	
Passed thru Louisiana Department of Education				
National School Lunch Program (Note 2)	10.555	09-SFS-007	82,931	
Passed thru New Mexico Public Education Department				
National School Lunch Program (Note 2)	10.555	11008	14,694	
Passed thru Texas Department of Agriculture				
National School Lunch Program (Note 2)	10.555	01198	28,985	
Passed thru South Carolina Department of Education				
National School Lunch Program (Note 2)	10.555	5697, 5699, 5713, 5714, 5715, 5716	267,886	
Total CFDA 10.555 - National School Lunch Program			775,615	-
Total Child Nutrition Cluster			775,615	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			775,615	-
U.S. DEPARTMENT OF EDUCATION				
Indirect Programs:				
Passed thru Florida Dept. of Education				
Title I Grants to Local Educational Agencies				
Passed thru School Board of Leon County	84.010	-	22,560	
Passed thru Clay County	84.010	-	2,469	
Passed thru Volusia County	84.010	-	4,494	
Passed thru School Board of Okaloosa County	84.010	4401	10,000	
Passed thru Louisiana Dept. of Education				
Title I Grants to Local Educational Agencies				
Passed thru Caddo Parish	84.010	-	38,871	
Total CFDA 84.010 - Title I Grants to Local Educational Agencies			78,394	-
TOTAL U.S. DEPARTMENT OF EDUCATION			78,394	-
U.S. DEPARTMENT OF LABOR				
Direct Programs:				
Reentry Employment Opportunities	17.270	YF-25949-14-60-A-12	871,259	
Total CFDA 17.270 - Reentry Employment Opportunities			871,259	-
Youthbuild	17.274	FOA-ETA-18-04	52,416	
Total CFDA 17.274 - Youthbuild			52,416	-
TOTAL U.S. DEPARTMENT OF LABOR			923,675	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Indirect Programs:				
Passed thru Florida Dept. of Children and Families				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)				
Passed thru Big Bend Community Based Care	93.104	DAJ07	274,078	
Total CFDA 93.104 - Comprehensive Community Mental Health Services for Children with SED			274,078	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			274,078	-

AMIkids, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	CFDA CSFA Number	Pass-Through Grant Number	(Note 1) Amount of Expenditures	Amount Provided To Subrecipients
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Indirect Programs:				
Passed thru Volunteer Florida AmeriCorps	94.006	18AC204236	119,647	
Total CFDA 94.006 - AmeriCorps			-	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			119,647	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Indirect Programs:				
CDBG - Entitlement Grants Cluster Passed thru Brevard County Community Development Block Grants/Entitlement Grants	14.218	N/A	17,828	
Total CFDA 14.218 - Community Development Block Grants/Entitlement Grants			17,828	-
Total CDBG Entitlement Grants Cluster			17,828	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			17,828	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			2,189,237	-
STATE FINANCIAL ASSISTANCE - FLORIDA				
FLORIDA DEPARTMENT OF EDUCATION				
Direct Projects:				
School and Instructional Enhancement Programs	48.040	93Q-97495-6Q001 & 93Q-97495-8Q001	916,641	
TOTAL FLORIDA DEPARTMENT OF EDUCATION			916,641	-
FLORIDA DEPARTMENT OF JUVENILE JUSTICE				
Direct Projects:				
Delinquency Prevention				
Apprenticeship Job Placement	80.029	10599	2,341,731	
Clay - CFPG	80.029	10521	560,985	
Gadsden - 700 Gender Specific	80.029	10552	365,384	
Tampa - 725 - Gender Specific	80.029	10520	527,673	
Pinellas - 725 - Gender Specific	80.029	10519	491,987	
Manatee - 725 - Gender Specific	80.029	10394	491,987	
Family Centric	80.029	10610	1,068,924	
Total CSFA 80.029 - Delinquency Prevention			5,848,671	-
TOTAL FLORIDA DEPARTMENT OF JUVENILE JUSTICE			5,848,671	-
FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES				
Direct Projects:				
Horse Country Specialty License Plate	76.104	N/A	141,541	
TOTAL FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES			141,541	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE - FLORIDA			6,906,853	-

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

NOTE 1: BASIS OF PRESENTATION

The schedule of expenditures of federal awards and state financial assistance represents amounts expended from federal award programs and state projects during the fiscal year as determined on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Florida Department of Financial Services' State Projects Compliance Supplement*. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the Organization's accounting records from which the basic financial statements have been reported. Federal and State funds that are not subject to Uniform Guidance, or Florida Single Audit are not included on this schedule.

The Organization has elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance for the year ended June 30, 2019.

The Organizations' federal awards do not have any loans or loan guarantees.

NOTE 2: NONCASH ASSISTANCE FOR NATIONAL SCHOOL LUNCH

Food donations from the United States Department of Agriculture represent the amount of donated food consumed during the fiscal year. Commodities totaling \$7,968 were valued at fair value at the time of donation and included in the reported expenditures.

AMIkids, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | | | | | |
|--|--|----------------|--------|--|--|
| 1. Type of auditors’ report issued on compliance for major programs | Modified | | | | |
| 2. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | Yes | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | Yes | | | | |
| 4. Identification of major programs: | | | | | |
| CFDA | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Number</u></td> <td style="width: 50%; text-align: center;"><u>Program</u></td> </tr> <tr> <td style="text-align: center;">10.555</td> <td style="text-align: center;">Child Nutrition Cluster
National School Lunch Program</td> </tr> </table> | <u>Number</u> | <u>Program</u> | 10.555 | Child Nutrition Cluster
National School Lunch Program | |
| <u>Number</u> | <u>Program</u> | | | | |
| 10.555 | Child Nutrition Cluster
National School Lunch Program | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | Yes | | | | |

State Projects:

- | | | | | | |
|---|------------------------|----------------|--------|------------------------|--|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | |
| 2. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | None noted | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted | | | | |
| 3. Identification of major programs: | | | | | |
| CSFA | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Number</u></td> <td style="width: 50%; text-align: center;"><u>Project</u></td> </tr> <tr> <td style="text-align: center;">80.029</td> <td style="text-align: center;">Delinquency Prevention</td> </tr> </table> | <u>Number</u> | <u>Project</u> | 80.029 | Delinquency Prevention | |
| <u>Number</u> | <u>Project</u> | | | | |
| 80.029 | Delinquency Prevention | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |

AMIkids, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

Finding Number	2019-001
CFDA Number	10.555
Program Title	Child Nutrition Cluster, National School Lunch Program
Compliance Requirement	Procurement
Pass-Through Entities	US Department of Agriculture; Florida Department of Agriculture and Consumer Services; Louisiana Department of Education; New Mexico Public Education Department; Texas Department of Agriculture; South Carolina Department of Education
Contract Year	FY 2018-2019
Statistically Valid Sample	Yes
Questioned Costs	\$728,643
Repeat Finding	No

Condition: The Organization did not follow the small purchase procedures of obtaining an appropriate number of quotes for procurement of services and supplies related to the operation of the National School Lunch Program for fiscal year 2018-2019.

Criteria: Pursuant to 2 CFR section 200.320(a), small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

Effect: Absent internal control related to the procurement policy requirements may result in the Organization not receiving the best price for the products purchased.

Cause: Procurement of goods and services for the National School Lunch Program is completed at the individual Affiliate level. Since there are multiple accounts with each vendor, there was inconsistent and incorrect implementation of the procurement policy requirements for small purchases. Management at the Affiliates were not aware of the need to obtain quotes for purchases from vendors when the individual purchase amount is within the micropurchase threshold but the aggregate purchases from each vendor during the year were expected to exceed the micropurchase threshold. Through the National Defense Association Act of 2018, OMB Memo OMB M-18-18, and USDA Memo SP20 CACFP07 SFSP06-2019, the micropurchase threshold was increased to \$10,000.

AMIkids, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS (Continued)

Questioned Costs: Questioned costs are the total purchases made within the small purchase threshold where quotes were not obtained. The purchases were made from the following vendors during the fiscal year 2018-2019.

Affiliate	Church Point Wholesale	Cheney Brothers, Inc.	US Foods, Inc.	Sysco	Regional Food Service Officer	Borden Dairy Company	Total
AMIkids Acadiana, Inc.	43,398	-	-	-	-	-	43,398
AMIkids Beaufort, Inc.	-	-	67,355	-	-	14,206	81,561
AMIkids Bennettsville, Inc.	-	-	44,392	-	-	-	44,392
AMIkids Sand Hills, Inc.	-	-	46,616	-	-	-	46,616
AMIkids White Pines, Inc.	-	-	88,595	-	-	-	88,595
AMIkids Escambia Boys Base, Inc.	-	-	-	1,591	129,540	-	131,131
AMIkids Georgetown, Inc.	-	-	36,647	-	-	-	36,647
AMIkids Piedmont, Inc.	-	-	45,549	-	-	-	45,549
AMIkids Rio Grande, Inc.	-	-	-	-	-	7,819	7,819
AMIkids Sandoval, Inc.	-	-	-	29,366	-	-	29,366
AMIkids Space Coast, Inc.	-	91,251	-	-	-	-	91,251
AMIkids YES, Inc.	-	-	82,318	-	-	-	82,318
Total Purchases	43,398	91,251	411,472	30,957	129,540	22,025	728,643

Auditors' Recommendation: The Organization should implement internal controls and procedures to ensure all small purchases are in accordance with their procurement policy and 2 CFR section 200.320(a) by obtaining an appropriate number of quotes from vendors with expected purchases for the fiscal year in excess of the micropurchase threshold of \$10,000 but less than the simplified acquisition threshold of \$250,000.

Organization's Response: At the time of this report, the Organization had already taken the steps necessary to ensure compliance with their procurement policy and 2 CFR section 200.320(a). Price quotations were sought from food vendors where the aggregate purchase is anticipated to exceed the micropurchase threshold of \$10,000 but less than the simplified acquisition threshold of \$250,000. The Organization noted that due to the physical location of some of the Affiliates, sufficient suitably of qualified vendors are not always available for quotations and in such cases, quotations will be compared to other locations. Further, Affiliates who are the recipient of Federal funds will receive additional training on compliance with the procurement policy and 2 CFR section 200.320(a) by October 31, 2019.

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings.



October 1, 2019

David Alvarez, CPA, CVA, CGMA
Partner
Carr, Riggs & Ingram, LLC
3000 Bayport Drive, Suite 500
Tampa, Florida 33607

Dear Mr. Alvarez,

The following is the response to the Child Nutrition Cluster, National School Lunch Program 2019 Single Audit Finding of AMIKids, Inc.;

2019-001 Small Purchase Procurement Policy and Procedures

We agree with the finding. At the time of this report, the Organization had already taken the steps necessary to ensure compliance with their procurement policy and 2 CFR section 200.320(a). Price quotations were sought from food vendors where the aggregate purchase is anticipated to exceed the micropurchase threshold of \$10,000 but be less than the simplified acquisition threshold of \$250,000. The Organization noted that due to the physical location of some of the Affiliates, sufficient suitably qualified vendors are not always available and in these cases, quotations will be compared to other locations. Further, Affiliates who are the recipient of Federal funds will receive additional training on compliance with the procurement policy and 2 CFR section 200.320(a) by October 31, 2019. The Controller, Devon Simon, will monitor whether the Affiliates are maintaining compliance with the small purchase procurement policy and procedures.

If anything else needs to be addressed, please call me at 813.887.3300.

Sincerely,

Maria Porto-Duarte
CFO
AMIKids, Inc.
5915 Benjamin Center Drive
Tampa, Florida 33634