



AMkids, Inc. and Affiliates

**Combined Financial Statements and
Schedules**

Year ended June 30, 2015

(With comparative information for 2014)

AMIkids, Inc. and Affiliates
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Year ended June 30, 2015
(With comparative financial information for 2014)

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Independent Auditors' Report

Board of Trustees
AMIkids, Inc.

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, 2015, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of AMIkids, Inc. and Affiliates as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Rules of the Florida Department of Financial Services, Chapter 69I-5, Florida Administrative Code, and the State of Texas Single Audit Circular 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.

The 2014 combined financial statements of AMIkids, Inc. and Affiliates were audited by other auditors, whose report dated September 17, 2014 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BDO USA, LLP
Certified Public Accountants

September 17, 2015

AMIkids, Inc. and Affiliates
Combined Statement of Financial Position
June 30, 2015
(With comparative financial information for 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Cash and Cash Equivalents	\$ 8,792,915	\$ 7,859,405
Investments	8,178,833	8,781,254
Accounts Receivable:		
Funding Agencies	3,451,906	3,408,982
Other	787,520	386,490
Prepaid Expenses and Other Assets	1,603,047	1,530,241
Assets Held for Sale	1,064,061	1,684,391
Boat Inventory	3,667,195	2,923,450
Boats under Lease	7,115,916	4,502,947
Property and Equipment, Net	10,571,530	11,554,264
	<u>\$ 45,232,923</u>	<u>\$ 42,631,424</u>
Liabilities and Net Assets		
Liabilities:		
Lines of Credit	\$ 1,000,000	\$ 1,000,000
Accounts Payable	1,913,007	1,750,810
Accrued Expenses	8,392,316	8,342,502
Accrued Pension	2,259,741	2,874,630
Deferred Revenues	572,272	615,044
Security Deposits	1,896,825	1,245,846
Notes Payable	1,668,343	1,928,358
Total Liabilities	<u>17,702,504</u>	<u>17,757,190</u>
Net Assets:		
Unrestricted	24,486,667	22,116,756
Temporarily Restricted	2,986,662	2,700,388
Permanently Restricted	57,090	57,090
Total Net Assets	<u>27,530,419</u>	<u>24,874,234</u>
	<u>\$ 45,232,923</u>	<u>\$ 42,631,424</u>

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

AMIkids, Inc. and Affiliates
Combined Statement of Activities
Year ended June 30, 2015
(With summarized financial information for 2014)

	Unrestricted	Temporarily restricted	Permanently restricted	Totals	
				2015	2014
Public support and revenue:					
State support:					
Florida	\$ 16,195,843	\$ -	\$ -	\$ 16,195,843	\$ 14,970,058
South Carolina	9,098,795	-	-	9,098,795	8,445,626
Louisiana	1,686,978	-	-	1,686,978	1,527,611
Texas	506,272	-	-	506,272	728,992
North Carolina	1,500,000	-	-	1,500,000	1,500,000
Federal support	7,427,367	-	-	7,427,367	5,539,436
Regional support	10,166,244	-	-	10,166,244	9,863,597
Contributions	1,851,406	2,465,880	-	4,317,286	4,111,801
Total public support	<u>48,432,905</u>	<u>2,465,880</u>	<u>-</u>	<u>50,898,785</u>	<u>46,687,121</u>
Revenue:					
Boat program (Note 1)	9,762,454	-	-	9,762,454	7,184,521
Investment income	66,948	4,029	-	70,977	398,638
Other	859,964	-	-	859,964	609,071
Total revenue	<u>10,689,366</u>	<u>4,029</u>	<u>-</u>	<u>10,693,395</u>	<u>8,192,230</u>
Net assets released from restrictions	<u>2,183,635</u>	<u>(2,183,635)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>61,305,906</u>	<u>286,274</u>	<u>-</u>	<u>61,592,180</u>	<u>54,879,351</u>
Expenses:					
Program services	45,336,086	-	-	45,336,086	43,245,288
Management and general	5,620,118	-	-	5,620,118	5,009,621
Fundraising	406,361	-	-	406,361	233,844
Boat program	7,573,430	-	-	7,573,430	5,479,022
Total expenses	<u>58,935,995</u>	<u>-</u>	<u>-</u>	<u>58,935,995</u>	<u>53,967,775</u>
Change in net assets	2,369,911	286,274	-	2,656,185	911,576
Net assets, beginning of year	22,116,756	2,700,388	57,090	24,874,234	23,962,658
Net assets, end of year	<u>\$ 24,486,667</u>	<u>\$ 2,986,662</u>	<u>\$ 57,090</u>	<u>\$ 27,530,419</u>	<u>\$ 24,874,234</u>

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, 2015
(With summarized financial information for 2014)

	Supporting Services				Totals		
	Total Program Services	Management and General	Fund Raising	Boat Program	Total Support Services	2015	2014
Salaries	\$ 24,944,611	\$ 1,763,502	\$ 227,083	\$ 825,557	\$ 2,816,142	\$ 27,760,753	\$ 25,430,697
Employee benefits and payroll taxes	6,651,970	556,732	17,673	168,529	742,934	7,394,904	6,798,530
Commissions	-	-	-	2,036,653	2,036,653	2,036,653	1,328,597
Travel	821,010	95,859	21,285	103,196	220,340	1,041,350	1,120,189
Conferences and training	812,735	75,665	709	302	76,676	889,411	809,971
Books and publications	36,491	53,493	3,019	2,485	58,997	95,488	65,887
Rent and utilities	2,242,148	85,685	-	12,258	97,943	2,340,091	2,342,519
Insurance	1,468,824	16,969	-	216,365	233,334	1,702,158	2,382,269
Telephone	681,787	24,749	2,423	21,234	48,406	730,193	723,789
Professional fees	1,066,346	1,353,818	122,431	220,044	1,696,293	2,762,639	2,180,627
Postage	-	101,639	418	2,970	105,027	105,027	110,217
Student supplies and training	3,237,092	259,912	639	44,007	304,558	3,541,650	3,269,091
Community development	227,706	430,523	9,871	35,503	475,897	703,603	519,458
Equipment and maintenance	1,749,671	266,668	810	1,447,978	1,715,456	3,465,127	2,765,054
Transportation	-	-	-	30,927	30,927	30,927	72,791
Dockage	-	-	-	118,614	118,614	118,614	146,949
Interest	41,891	83,639	-	28,009	111,648	153,539	209,453
Depreciation and amortization	1,303,207	109,684	-	129,551	239,235	1,542,442	1,607,845
Amortization of boats on charter	-	-	-	2,098,876	2,098,876	2,098,876	1,664,739
Impairment and other expenses	50,597	341,581	-	30,372	371,953	422,550	419,103
Total Expenses	<u>\$ 45,336,086</u>	<u>\$ 5,620,118</u>	<u>\$ 406,361</u>	<u>\$ 7,573,430</u>	<u>\$ 13,599,909</u>	<u>\$ 58,935,995</u>	<u>\$ 53,967,775</u>

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, 2015
(With comparative financial information for 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,656,185	\$ 911,576
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,542,442	1,607,845
Net (gain) loss on disposal/impairment of property and equipment and assets held for sale	47,719	225,905
Donated property and equipment	-	(546,363)
Realized and unrealized gains on investments	(24,774)	(329,452)
(Increase) decrease in:		
Accounts receivable	(443,954)	1,192,853
Prepaid expenses and other assets	(72,806)	57,064
Boat Inventory	(710,932)	(1,100,990)
Boats under Lease	(2,612,969)	1,346,129
Increase (decrease) in:		
Accounts payable	162,197	270,952
Accrued expenses	49,814	(400,172)
Accrued pension	(614,889)	(24,233)
Deferred revenues	(42,772)	(328,167)
Security deposits	650,979	(354,900)
Net cash provided by (used in) operating activities	<u>586,240</u>	<u>2,528,046</u>
Cash flows from investing activities:		
Purchases of property and equipment	(969,506)	(1,391,263)
Proceeds from sale of property and equipment and assets held for sale	1,033,407	655,715
Proceeds from sale of investments	6,084,794	5,514,506
Purchases of investments	(5,457,599)	(5,710,988)
Net cash provided by (used in) investing activities	<u>691,096</u>	<u>(932,030)</u>
Cash flows from financing activities:		
Proceeds from new borrowings from third parties	7,387	627,871
Payments on notes payable	(351,213)	(1,282,162)
Net cash used in financing activities	<u>(343,826)</u>	<u>(654,291)</u>
Net increase (decrease) in cash and cash equivalents	933,510	941,725
Cash and cash equivalents at beginning of year	7,859,405	6,917,680
Cash and cash equivalents at end of year	<u>\$ 8,792,915</u>	<u>\$ 7,859,405</u>
Cash paid for interest	<u>\$ 153,539</u>	<u>\$ 209,453</u>
Supplemental disclosure of noncash investing and financing activities:		
Financed purchases of property and equipment	\$ 83,811	\$ 31,160
Other noncash additions of property and equipment	-	177,735
Line of credit refinanced to note payable	-	103,000

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

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

Year ended June 30, 2015

(With comparative financial information for 2014)

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 Florida, Georgia, Louisiana, 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.

Unrestricted net assets consist of amounts that are available for use in carrying out the activities of AMIkids. Temporarily restricted net assets represent those amounts which are not available until future periods or are donor restricted for specific purposes. Permanently restricted net assets result from gifts and bequests from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity.

Cash and Cash Equivalents

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

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

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.

Accounts Receivable

Accounts receivable consists primarily of receivables from federal and state agencies and county school boards. AMIkids considers these accounts receivable to be fully collectible and therefore has not recorded an allowance for doubtful accounts. Amounts becoming uncollectible will be charged to operations when that determination is made.

Boat Inventory

Boat inventory represents boats held for resale which are valued at estimated fair value at the time of the donation. Donated boats were valued at \$7,096,325 and \$4,590,590 at the time of donation for the years ended June 30, 2015 and 2014, respectively, and are included in boat program revenue. Fair value is estimated based on third party appraisals, broker valuations and management's experience with the boat charter industry. Fair values are reviewed quarterly by management and are reduced when necessary. Adjustments to fair value 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 or less. 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, 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 if and when the purchase option is exercised. The option fee is recognized upon inception of the lease. Short-term lease payments are recognized over the first nine months of the lease, which represents the time period in which the lessee can terminate the lease and receive a partial refund of the short-term lease payment. 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. Initial direct costs are recognized upon inception of the lease.

Future minimum lease payments due under operating leases during fiscal years 2016, 2017 and 2018 are approximately \$1,388,000, \$1,140,000 and \$680,000, respectively. At June 30, 2015 and 2014, the unexercised purchase options were approximately \$3,628,000 and \$2,660,000, respectively. The gross value and accumulated amortization on leased property as of June 30, 2015 was approximately \$9,733,000 and \$2,617,000, respectively. The gross value and accumulated amortization on leased

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

property as of June 30, 2014 was approximately \$7,085,000 and \$2,580,000, respectively. Amortization of boats under lease amounted to approximately \$2,099,000 and \$1,665,000 for the years ended June 30, 2015 and 2014, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was approximately \$1,679,000 and \$3,368,000 for the years ended June 30, 2015 and 2014, 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

Assets Held for Sale

As of June 30, 2015 and 2014, 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:

<u>Institute</u>	<u>Property held for sale</u>	<u>2015</u>	<u>2014</u>
AMIkids, Inc	Land, buildings and improvements	\$ 385,000	\$ 300,000
Crossroads	Land	80,000	-
Gainesville	Land, buildings and improvements	69,301	69,301
Northeast Louisiana	Land and improvements	29,760	50,000
Panama City Marine	Land	80,000	140,000
Pasco	Land	110,000	110,000
Louisiana Properties	Land, buildings and improvements	-	350,000
Red River	Land, buildings and improvements	-	355,090
WINGS Texas	Land, buildings and improvements	310,000	310,000
		<u>\$1,064,061</u>	<u>\$1,684,391</u>

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

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

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. During 2015 and 2014, the Organization recorded impairment of long-lived assets of \$194,502 and \$0, respectively. The impairment during 2015 was attributed to land that was purchased for the construction of a residential facility in South Carolina in which the decision was made during 2015 to not move forward with construction. 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. During 2015 and 2014, the Organization recorded impairment charges for assets held for sale as follows:

<u>Institute</u>	<u>Description of property</u>	<u>Reason for impairment</u>	<u>Fair value measurement</u>	<u>Fair value</u>	
				<u>2015</u>	<u>2014</u>
AMIkids, Inc.	Land (Grand Bois)	Changed intended usage	Purchase offer	\$ 55,000	\$ -
Northeast Louisiana	Land and improvements	Closure of facility	Purchase offer	20,240	50,000
Panama City Marine	Land	Changed intended usage	Purchase offer	60,000	-
Louisiana Properties	Land, buildings and improvements	Closure of facility	Purchase offer	-	55,163
WINGS Texas	Land, buildings and improvements	Closure of facility	Purchase offer	-	12,610
				<u>\$ 135,240</u>	<u>\$ 117,773</u>

Fair value for the above impairments was based on actual offers to purchase the properties. Impairment charges are included in impairment and other expenses within management and general on the combined statement of functional expenses.

Deferred revenue

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

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 \$475,000 and \$450,000 for the years ended June 30, 2015 and 2014, 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.

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

Year ended June 30, 2015

(With comparative financial information for 2014)

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, temporarily restricted net assets are reclassified to unrestricted net assets 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, 2015 and 2014, donated services were not material to the combined financial statements.

Fair Value of Financial Instruments

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 on-balance-sheet financial instruments 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.

The Organization’s Level 1 financial assets as of June 30, 2015 and 2014 consist of investments of \$6,247,100 and \$6,235,663, respectively. Level 1 investments include pooled equity funds, pooled fixed income funds, equity securities and government securities valued based on quoted market prices. Level 2 financial assets as of June 30, 2015 and 2014 consist of corporate bonds (included in pooled fixed income funds in Note 2) of \$0 and \$41,431, respectively, and cash surrender value of insurance policies of \$79,377 and \$76,181, respectively. Corporate bonds are valued based upon

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

recent bid prices. The cash surrender value of insurance policies is the quoted market prices of the underlying securities. The Organization has no Level 3 financial instruments.

Functional Allocation of Expenses

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

Income Taxes

AMIkids, 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.

Recent Accounting Pronouncement

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 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. ASU 2014-09 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. 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 ASU 2014-09 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 ASU 2014-09 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 ASU 2014-09 on its combined financial statements and has not yet determined the method by which it will adopt the standard.

Summarized Financial Information for 2014

The financial information for the year ended June 30, 2014 is presented for comparative purposes, and is not intended to be a complete presentation. Certain amounts for fiscal 2014 have been reclassified to conform with their presentation in the 2015 combined financial statements with no impact on total net assets or changes in net assets.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

2. Investments

Investments at June 30, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
Certificates of deposit	\$ 1,852,356	\$ 2,427,979
Pooled equity funds	1,187,394	1,617,026
Pooled fixed income funds	349,180	460,236
Equity securities	50,512	-
Cash surrender value of insurance policies	79,377	76,181
Government securities	4,660,014	4,199,832
	<u>\$ 8,178,833</u>	<u>\$ 8,781,254</u>

Investment income was comprised of the following for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 46,203	\$ 69,186
Net realized and unrealized gains	24,774	329,452
	<u>\$ 70,977</u>	<u>\$ 398,638</u>

3. Property and Equipment

Property and equipment at June 30, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
Land and permanent site improvements	\$ 3,159,262	\$ 3,509,824
Buildings and leasehold improvements	21,545,440	21,328,141
Furniture, fixtures and equipment	7,360,826	7,922,286
Motor vehicles	2,059,145	2,135,648
Boats, motors and trailers	1,119,265	1,217,638
Swimming Pools	492,305	392,209
Construction in progress (estimate to complete is \$42,300)	210,643	133,810
	<u>35,946,886</u>	<u>36,639,556</u>
Less accumulated depreciation and amortization	<u>(25,375,356)</u>	<u>(25,085,292)</u>
	<u>\$ 10,571,530</u>	<u>\$ 11,554,264</u>

Included in furniture, fixtures and equipment are assets recorded under capital leases with a cost and accumulated depreciation of \$138,331 and \$56,575, respectively, at June 30, 2015 and \$147,732 and \$82,368 respectively, at June 30, 2014.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

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

4. Lines of Credit

Lines of credit at June 30, 2015 and 2014 consist of:

Entity	<u>2015</u>	<u>2014</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, 2015 was 2.58%), expiring February 11, 2016, collateralized by government receivables	\$ -	\$ -
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, 2015 was 2.58%), expiring February 11, 2016, collateralized by vessel inventory and lease receivables	1,000,000	1,000,000
Space Coast Line of Credit, maximum principal amount of \$100,000, interest rate tied to the WSJ Prime Rate plus 1.75% (interest rate at June 30, 2015 was 5.00%), expiring December 17, 2024, collateralized by real estate	-	-
Total Lines of Credit	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 1,000,000</u></u>

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, 2015, the Organization had a maximum of \$8,100,000 available under lines of credit, subject to availability based on asset levels. The actual amount available based on asset levels as of June 30, 2015 was approximately \$6,800,000. 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, 2015 and 2014.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

5. Notes Payable

Notes payable at June 30, 2015 and 2014 consists of:

<u>Entity</u>	<u>2015</u>	<u>2014</u>
AMIkids, Inc. Mortgage payable bearing interest at 30 Day LIBOR index plus 2.1% (interest rate at June 30, 2015 was 2.28%); monthly installments of \$7,711 plus interest, due April 2017 with a final payment of \$7,843, collateralized by building	\$ 165,982	\$ 258,511
AMIkids, Inc. Mortgage payable bearing interest at 30 Day LIBOR index plus 2.1% (interest rate at June 30, 2015 was 2.28%); monthly installments of \$4,564 plus interest, due April 2017 with a final payment of \$4,565, collateralized by building	100,414	155,185
Beaufort Note payable in monthly installments of \$664, including interest at 1.99%, due August 2018, collateralized by vehicle	23,801	31,220
Beaufort Note payable in monthly installments of \$666, including interest at 2.2%, due October 2018, collateralized by certificate of deposit	25,636	32,975
Baton Rouge Note payable in monthly installments of \$162, including interest at 8.47%, due September 2019, collateralized by equipment under capital lease	6,938	-
Big Cypress Note payable in monthly installments of \$324, including interest at 8%, due January 2020, collateralized by equipment under capital lease	15,124	-
Crossroads Note payable in monthly installments of \$256, including interest at 8%, due January 2020, collateralized by equipment under capital lease	12,122	-
Emerald Coast Note payable in monthly installments of \$299, including interest at 11%, due September 2019, collateralized by equipment under capital lease	12,168	-
Georgetown Note payable in monthly installments of \$956, including interest at 6.7%, paid in full in 2015.	-	18,534
Infinity Wake Note payable in monthly installments of \$230, including interest at 10%, due September 2019, collateralized by equipment under capital lease	9,493	-

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

<u>Entity</u>		<u>2015</u>	<u>2014</u>
Jacksonville	Mortgage payable in monthly principal installments of \$2,510 plus interest of 3.5% over the LIBOR rate (interest rate at June 30, 2015 was 3.68%), with balloon payment of approx. \$484,500 due April 2018, secured by Institute premises and guaranteed by AMIkids, Inc., and is cross collateralized	567,324	597,447
Orlando	Mortgage payable in monthly installments of \$1,370 including interest at 7.25%, due November 2017, collateralized by building	36,902	50,135
Panama City	Note payable in monthly installments of \$1,973, including interest at 5.5%, due August 2018; collateralized by equipment	68,589	87,839
Panama City	Mortgage payable in monthly installments of \$3,410, including interest at 4.75% with balloon payment of approx. \$323,400, due January 2022, collateralized by land and buildings.	466,652	484,627
Pensacola	Note payable in monthly installments of \$536, including interest at 4%, due October 2019, collateralized by vehicle	24,948	-
Pensacola	Mortgage payable due to board member in monthly installments of \$966, including interest at 3%, due June, 2019 with final balloon payment of of approx \$54,500, collateralized by building.	91,294	100,000
Piedmont	Mortgage payable in monthly installments of \$662 including interest at 6.5%, paid in full in 2015.	-	42,458
YES	Note payable in monthly installments of \$273, including interest at 8%, due August 2018, collateralized by equipment under capital lease	9,337	11,563
Various	Various notes payable, monthly installments from \$137 to \$359, various interest rates, due various dates through June 2019, collateralized by equipment.	31,619	57,864
	Total Notes Payable	\$ 1,668,343	\$ 1,928,358

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

Principal payments on notes payable for years subsequent to June 30, 2015 are as follows:

2016	\$ 288,122
2017	264,612
2018	607,814
2019	115,850
2020	30,920
Thereafter	361,025
	<u>\$ 1,668,343</u>

6. Accrued Expenses

Accrued expenses at June 30, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
Workers compensation self-insurance reserve	\$ 4,662,226	\$ 4,366,114
Vehicle and other self-insurance reserve	428,190	901,412
Medical self-insurance reserve	500,000	500,000
Accrued payroll	395,403	339,358
Accrued vacation	689,578	636,274
Accrued severance and unemployment	68,307	196,601
Accrued boat program payments	1,091,900	781,934
Other accruals	556,712	620,809
	<u>\$ 8,392,316</u>	<u>\$ 8,342,502</u>

7. Restrictions and Limitations on Net Assets

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Education/scholarship	\$ 727,086	\$ 802,867
Building / Equipment	584,547	600,036
Girls Initiative Program	423,987	422,138
Experiential Activities	1,011,402	657,863
Other	239,640	217,484
	<u>\$ 2,986,662</u>	<u>\$ 2,700,388</u>

Permanently restricted net assets represent endowment funds invested in perpetuity. 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.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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(With comparative financial information for 2014)

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.

8. Net Assets Released From Restrictions

Net assets were released from donor restrictions by occurrence of events specified by donors as follows for the years ended June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Education/scholarship	\$ 201,412	\$ 132,036
Building/Equipment	308,291	358,617
Experiential Activities	1,295,458	1,249,573
Other	378,474	472,992
	<u>\$ 2,183,635</u>	<u>\$ 2,213,218</u>

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

9. Net Assets

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
AMIkids, Inc.				
Net Assets June 30, 2013	\$ 13,222,394	\$ 51,832	\$ 50,000	\$ 13,324,226
Change in Net Assets	1,698,631	361,708	-	2,060,339
Net Assets June 30, 2014	14,921,025	413,540	50,000	15,384,565
Change in Net Assets	3,940,313	336,564	-	4,276,877
Net Assets June 30, 2015	18,861,338	750,104	50,000	19,661,442
AMIkids Foundation				
Net Assets June 30, 2013	94,702	850,398	7,090	952,190
Change in Net Assets	11,579	86,228	-	97,807
Net Assets June 30, 2014	106,281	936,626	7,090	1,049,997
Change in Net Assets	360	83,502	-	83,862
Net Assets June 30, 2015	106,641	1,020,128	7,090	1,133,859
Member Institutes and Schools				
Net Assets June 30, 2013	8,338,817	1,347,425	-	9,686,242
Change in Net Assets	(1,249,367)	2,797	-	(1,246,570)
Net Assets June 30, 2014	7,089,450	1,350,222	-	8,439,672
Change in Net Assets	(1,570,762)	(133,792)	-	(1,704,554)
Net Assets June 30, 2015	5,518,688	1,216,430	-	6,735,118
Total Net Assets as of June 30, 2015	\$ 24,486,667	\$ 2,986,662	\$ 57,090	\$ 27,530,419

10. 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, 2015 and 2014 was approximately

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

\$640,000 and \$647,000, respectively. Based on the current operating leases, the annual lease expense is expected to remain consistent with 2015 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 valued at estimated fair value at the time of the donation. Management has estimated the value of the boat inventory at \$3,667,195 and \$2,923,450 at June 30, 2015 and 2014, respectively. Fair value is estimated based on third party appraisals, broker valuations and management's experience with the boat charter industry. The actual fair value of the boats is not known until the boat is sold or leased.

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 \$5,090,000 and \$5,268,000 at June 30, 2015 and 2014, 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 \$900,000, which is collateralized by investments and cash and cash equivalents held by AMIkids. There is also an additional \$4,900,000 held in a secured collateralized account to support these policies. Total investments and cash and cash equivalents of \$7,700,000 as of June 30, 2015 support the expected insurance commitments, including the required letters of credit and collateralized investment accounts.

AMIkids is self-insured for group health insurance up to a maximum of \$125,000 per employee. Management has accrued \$500,000 at June 30, 2015 and 2014 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.

11. 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 20-1/2 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, 2015 and 2014 was approximately \$1,438,000 and \$1,346,000, respectively, and is included in employee benefits and payroll taxes on the combined statement of functional expenses.

AMIkids has certain supplemental pension agreements with key members of management, which are accrued for and included in accrued pension in the combined statement of financial position. The supplemental pension is generally funded on an annual basis and the related assets are included as a component of investments.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2015
(With comparative financial information for 2014)

12. 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.

13. Institute Openings and Closings

During the fiscal year ended June 30, 2015 and as part of AMIkids Pinellas, Inc., AMIkids opened a new, gender specific prevention and intervention day treatment program for boys. AMIkids also opened a new after school vocational program in Gadsden, Florida, White Pines II re-opened, and Savannah River began enrolling boys placed by the Department of Human Services. Additionally, AMIkids Artesia, Inc., funded by Immigration and Customs Enforcement (ICE) in September, 2014, provided educational services for children held with their mothers at a migrant camp in Artesia, New Mexico. In December, 2014, ICE made the decision to move and incorporate the entire camp to a new facility in Texas.

14. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2015 as of September 17, 2015, which is the date the combined financial statements were issued. Subsequent events occurring after September 17, 2015 have not been evaluated by management. No material events have occurred since June 30, 2015 that require recognition or disclosure in the combined financial statements.



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**Independent Auditors' Report
on Combining Schedules I and II
and Schedule III**

Board of Trustees
AMIkids, Inc.

Our audit of the combined financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. Combining Schedules I and II and Schedule III presented in the following section of this report 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.

BDO USA, LLP

Certified Public Accountants

September 17, 2015

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position
June 30, 2015

Schedule I

	AMIKids	AMIKids Acadiana	AMIKids Foundation	AMIKids Artesia	AMIKids Family Services	AMIKids Baton Rouge	AMIKids Baxley Wilderness	AMIKids Beaufort	AMIKids Big Cypress	AMIKids Bennettsville
Assets										
Cash and Cash Equivalents	\$ 2,287,285	\$ 52,401	\$ 3,405,005	\$ -	\$ 72,615	\$ 91,699	\$ -	\$ 154,627	\$ 56,287	\$ 46,826
Investments	6,950,291	-	570,374	-	-	-	-	232,344	-	-
Accounts Receivable:										
Funding Agencies	2,324,440	-	-	-	-	3,741	-	4,891	36,740	11,455
Other	371,390	16,668	20,000	-	9	12,041	-	29,982	5,449	17,090
Prepaid Expenses and Other Assets	666,459	41,302	-	-	44,912	42,125	-	41,153	44,398	36,336
Due from Affiliates	14,612,127	161,100	50,412	-	744,985	29,369	-	114,085	178,842	126,788
Assets Held for Sale	385,000	-	-	-	-	-	-	-	-	-
Boat Inventory	3,667,195	-	-	-	-	-	-	-	-	-
Boats under Lease	7,115,916	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	1,039,078	35,287	-	-	4,903	436,994	-	428,863	50,052	19,612
Total Assets	\$ 39,419,181	\$ 306,758	\$ 4,045,791	\$ -	\$ 867,424	\$ 615,969	\$ -	\$ 1,005,945	\$ 371,768	\$ 258,107
Liabilities and Net Assets (Deficit)										
Liabilities:										
Lines of Credit	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	695,717	36,003	-	-	26,682	7,082	-	42,482	58,281	35,255
Accrued Expenses	12,269,162	49,113	1,192	-	29,809	25,418	-	40,510	59,885	46,589
Accrued Pension	-	-	-	-	-	-	-	-	-	-
Due to Affiliates	3,490,748	1,987,800	2,910,740	-	36,547	68,329	-	26,061	1,062,787	1,133,435
Deferred Revenues	375,758	-	-	-	-	17,189	-	18,393	-	5,199
Security Deposits	1,896,825	-	-	-	-	-	-	-	-	-
Long Term Debt	266,396	-	-	-	-	6,938	-	49,437	15,588	-
Total Liabilities	19,994,606	2,072,916	2,911,932	-	93,038	124,956	-	176,883	1,196,541	1,220,478
Net Assets (Deficit):										
Unrestricted	18,624,471	(1,785,011)	106,641	-	774,386	469,960	-	812,105	(902,406)	(962,621)
Temporarily Restricted	750,104	18,853	1,020,128	-	-	21,053	-	16,957	77,633	250
Permanently Restricted	50,000	-	7,090	-	-	-	-	-	-	-
Total Net Assets (Deficit)	19,424,575	(1,766,158)	1,133,859	-	774,386	491,013	-	829,062	(824,773)	(962,371)
	\$ 39,419,181	\$ 306,758	\$ 4,045,791	\$ -	\$ 867,424	\$ 615,969	\$ -	\$ 1,005,945	\$ 371,768	\$ 258,107

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position
June 30, 2015

Schedule I

	AMIKids Sand Hills	AMIKids White Pines	AMIKids Gainesville	AMIKids Gadsden	AMIKids Crossroads	AMIKids Miami Dade	AMIKids Emerald Coast	AMIKids Pensacola	AMIKids Last Chance Ranch
Assets									
Cash and Cash Equivalents	\$ 29,935	\$ 72,409	\$ 53,364	\$ 20,134	\$ 25,695	\$ 201,841	\$ 24,073	\$ 59,126	\$ -
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	13,901	10,484	9,739	-	190,135	101,112	-	51,472	-
Other	17,910	17,919	15,329	-	18,551	17,053	11,608	18,666	-
Prepaid Expenses and Other Assets	39,996	49,605	24,153	5,139	37,414	62,546	26,467	76,184	-
Due from Affiliates	114,730	207,987	35,880	147,161	9,225	172,791	33,126	213,539	-
Assets Held for Sale	-	-	69,301	-	80,000	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	28,360	31,637	58,778	75,506	107,678	239,918	13,110	305,328	-
Total Assets	\$ 244,832	\$ 390,041	\$ 266,544	\$ 247,940	\$ 468,698	\$ 795,261	\$ 108,384	\$ 724,315	\$ -
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	41,227	59,237	8,678	126,844	22,970	60,007	19,300	60,516	-
Accrued Expenses	35,165	50,816	17,789	2,430	38,987	74,631	15,124	60,339	-
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	390,545	292,224	863,464	36,319	355,751	62,252	288,416	329,439	-
Deferred Revenues	-	-	1,150	-	22,305	17,388	-	1,295	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	6,469	-	4,390	-	12,122	6,986	12,168	116,242	-
Total Liabilities	473,406	402,277	895,471	165,593	452,135	221,264	335,008	567,831	-
Net Assets (Deficit):									
Unrestricted	(228,574)	(12,236)	(649,865)	82,347	2,293	536,708	(296,532)	123,540	-
Temporarily Restricted	-	-	20,938	-	14,270	37,289	69,908	32,944	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	(228,574)	(12,236)	(628,927)	82,347	16,563	573,997	(226,624)	156,484	-
	\$ 244,832	\$ 390,041	\$ 266,544	\$ 247,940	\$ 468,698	\$ 795,261	\$ 108,384	\$ 724,315	\$ -

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position
June 30, 2015

Schedule I

	AMIKids Greater Ft. Lauderdale	AMIKids Georgia	AMIKids Georgetown	AMIKids Sarasota County	AMIKids Georgia Properties	AMIKids Infinity Wake County	AMIKids New Mexico Properties	AMIKids Infinity Marlboro	AMIKids Lafayette
Assets									
Cash and Cash Equivalents	\$ 93,883	\$ -	\$ 103,288	\$ -	\$ -	\$ 11,482	\$ -	\$ 16,763	\$ 21,179
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	48,551	-	5,610	-	-	35,655	-	-	-
Other	9,079	-	16,781	-	-	-	-	400	-
Prepaid Expenses and Other Assets	54,631	-	27,898	-	-	13,405	-	19,063	15,982
Due from Affiliates	52,635	235,074	407,186	143,800	-	-	756,000	11,145	30,667
Assets Held for Sale	-	-	-	-	-	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	6,531	-	153,936	-	2,414,716	9,170	-	-	-
Total Assets	\$ 265,310	\$ 235,074	\$ 714,699	\$ 143,800	\$ 2,414,716	\$ 69,712	\$ 756,000	\$ 47,371	\$ 67,828
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	7,142	-	55,165	-	-	4,204	-	4,280	3,348
Accrued Expenses	24,761	1,192	40,084	70,000	153	12,530	153	5,991	5,754
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	313,979	688	40,278	-	307,885	43,592	-	131,534	50,535
Deferred Revenues	-	-	-	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	7,035	-	-	-	-	9,493	-	-	-
Total Liabilities	352,917	1,880	135,527	70,000	308,038	69,819	153	141,805	59,637
Net Assets (Deficit):									
Unrestricted	(99,175)	27,419	272,302	73,800	2,106,678	(8,202)	755,847	(103,278)	8,191
Temporarily Restricted	11,568	205,775	306,870	-	-	8,095	-	8,844	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	(87,607)	233,194	579,172	73,800	2,106,678	(107)	755,847	(94,434)	8,191
	\$ 265,310	\$ 235,074	\$ 714,699	\$ 143,800	\$ 2,414,716	\$ 69,712	\$ 756,000	\$ 47,371	\$ 67,828

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position
June 30, 2015

Schedule I

	AMikids North Carolina Family Services	AMikids Jacksonville	South Carolina Wilderness Institute	AMikids Pasco	AMikids Northeast Louisiana	AMikids Orlando	AMI SC Statewide	AMikids Panama City Marine Institute	AMikids Piedmont
Assets									
Cash and Cash Equivalents	\$ 54,659	\$ 58,651	\$ -	\$ 39,398	\$ -	\$ 123,911	\$ -	\$ 215,472	\$ 160,696
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	-	23,665	-	-	-	42,293	-	-	8,465
Other	-	15,857	-	4,691	-	9,022	-	15,074	11,535
Prepaid Expenses and Other Assets	62,443	44,080	-	19,410	-	27,998	-	85,002	28,787
Due from Affiliates	281,248	58,945	-	32,803	-	59,328	7,266	50,872	117,626
Assets Held for Sale	-	-	-	110,000	29,760	-	-	80,000	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	6,675	1,013,626	103,000	5,130	-	52,711	-	447,379	115,054
Total Assets	\$ 405,025	\$ 1,214,824	\$ 103,000	\$ 211,432	\$ 29,760	\$ 315,263	\$ 7,266	\$ 893,799	\$ 442,163
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	28,024	11,118	-	10,479	-	15,884	-	36,073	12,596
Accrued Expenses	25,703	23,622	153	17,841	-	16,504	153	40,097	37,653
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	39,121	301,421	2,785	17,615	26,766	415,193	88	47,428	35,552
Deferred Revenues	-	23,960	-	-	-	-	-	24,450	16,611
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	-	567,324	-	-	-	36,902	-	535,241	-
Total Liabilities	92,848	927,445	2,938	45,935	26,766	484,483	241	683,289	102,412
Net Assets (Deficit):									
Unrestricted	312,177	214,671	100,062	96,902	2,994	(288,646)	5,375	171,480	331,965
Temporarily Restricted	-	72,708	-	68,595	-	119,426	1,650	39,030	7,786
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	312,177	287,379	100,062	165,497	2,994	(169,220)	7,025	210,510	339,751
	\$ 405,025	\$ 1,214,824	\$ 103,000	\$ 211,432	\$ 29,760	\$ 315,263	\$ 7,266	\$ 893,799	\$ 442,163

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position
June 30, 2015

Schedule I

	AMIkids Pinellas	AMIkids Peninsula	AMIkids Red River	AMIkids Rio Grande Valley	AMIkids Sandoval	AMIkids Savannah River	AMIkids Louisiana Properties	AMIkids Southwest Florida	AMIkids Southwest Louisiana
Assets									
Cash and Cash Equivalents	\$ 33,746	\$ -	\$ -	\$ 13,219	\$ 55,390	\$ 22,274	\$ -	\$ 407,984	\$ -
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	34,511	-	-	15,081	-	23,225	-	-	-
Other	9,622	-	-	10,457	17,825	450	-	9,152	-
Prepaid Expenses and Other Assets	51,688	-	-	26,272	154,732	33,270	6,116	34,204	-
Due from Affiliates	54,387	81,724	-	52,554	253,729	-	464,258	55,099	-
Assets Held for Sale	-	-	-	-	-	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	85,723	-	-	12,803	229,750	94,965	1,435,326	100,419	-
Total Assets	\$ 269,677	\$ 81,724	\$ -	\$ 130,386	\$ 711,426	\$ 174,184	\$ 1,905,700	\$ 606,858	\$ -
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	21,878	-	-	14,832	26,980	36,176	-	9,088	-
Accrued Expenses	44,642	81,724	-	31,362	48,941	20,979	153	49,237	-
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	261,031	-	-	1,734,240	1,040,746	629,940	615,941	32,266	-
Deferred Revenues	5,645	-	-	7,916	-	-	-	12,711	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-	6,275	-
Total Liabilities	333,196	81,724	-	1,788,350	1,116,667	687,095	616,094	109,577	-
Net Assets (Deficit):									
Unrestricted	(135,542)	-	-	(1,684,243)	(435,719)	(590,425)	1,289,606	480,398	-
Temporarily Restricted	72,023	-	-	26,279	30,478	77,514	-	16,883	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	(63,519)	-	-	(1,657,964)	(405,241)	(512,911)	1,289,606	497,281	-
	\$ 269,677	\$ 81,724	\$ -	\$ 130,386	\$ 711,426	\$ 174,184	\$ 1,905,700	\$ 606,858	\$ -

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position
June 30, 2015

Schedule I

	AMIKids Space Coast	AMIKids Tallahassee	AMIKids Tampa	AMIKids Volusia	AMIKids Virginia Wilderness	AMIKids WINGS Texas	AMIKids Y.E.S	Total	Eliminations	Total
Assets										
Cash and Cash Equivalents	\$ 243,126	\$ 40,576	\$ 51,213	\$ 23,053	\$ 139,571	\$ -	\$ 210,059	\$ 8,792,915	\$ -	\$ 8,792,915
Investments	-	-	-	-	-	-	425,824	8,178,833	-	8,178,833
Accounts Receivable:										
Funding Agencies	117,725	15,605	38,834	-	270,986	-	13,590	3,451,906	-	3,451,906
Other	7,465	10,377	11,217	6,204	21,803	-	10,844	787,520	-	787,520
Prepaid Expenses and Other Assets	37,246	26,070	25,753	44,337	35,136	100	29,568	2,141,380	(538,333)	1,603,047
Due from Affiliates	147,312	59,087	42,651	51,005	-	-	344,474	20,803,022	(20,803,022)	-
Assets Held for Sale	-	-	-	-	-	310,000	-	1,064,061	-	1,064,061
Boat Inventory	-	-	-	-	-	-	-	3,667,195	-	3,667,195
Boats under Lease	-	-	-	-	-	-	-	7,115,916	-	7,115,916
Property and Equipment, Net	628,731	120,121	335,067	7,656	292,056	-	25,881	10,571,530	-	10,571,530
Total Assets	\$ 1,181,605	\$ 271,836	\$ 504,735	\$ 132,255	\$ 759,552	\$ 310,100	\$ 1,060,240	\$ 66,574,278	\$ (21,341,355)	\$ 45,232,923
Liabilities and Net Assets (Deficit)										
Liabilities:										
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Accounts Payable	154,659	19,574	13,506	16,441	33,672	-	77,765	1,913,165	(158)	1,913,007
Accrued Expenses	52,988	23,678	36,153	22,883	57,289	-	81,247	13,690,579	(5,298,263)	8,392,316
Accrued Pension	-	-	-	-	-	-	-	-	2,259,741	2,259,741
Due to Affiliates	50,125	39,978	340,970	236,243	479,249	310,000	44,818	20,924,864	(20,924,864)	-
Deferred Revenues	10,277	-	4,941	-	3,934	-	3,150	572,272	-	572,272
Security Deposits	-	-	-	-	-	-	-	1,896,825	-	1,896,825
Long Term Debt	-	-	-	-	-	-	9,337	1,668,343	-	1,668,343
Total Liabilities	268,049	83,230	395,570	275,567	574,144	310,000	216,317	41,666,048	(23,963,544)	17,702,504
Net Assets (Deficit):										
Unrestricted	843,237	187,771	7,950	(154,901)	185,408	100	766,490	21,435,898	3,050,769	24,486,667
Temporarily Restricted	70,319	835	101,215	11,589	-	-	77,433	3,415,242	(428,580)	2,986,662
Permanently Restricted	-	-	-	-	-	-	-	57,090	-	57,090
Total Net Assets (Deficit)	913,556	188,606	109,165	(143,312)	185,408	100	843,923	24,908,230	2,622,189	27,530,419
	\$ 1,181,605	\$ 271,836	\$ 504,735	\$ 132,255	\$ 759,552	\$ 310,100	\$ 1,060,240	\$ 66,574,278	\$ (21,341,355)	\$ 45,232,923

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
June 30, 2015

Schedule II

	AMIKids	AMIKids Acadiana	AMIKids Foundation	AMIKids Artesia	AMIKids Family Services	AMIKids Baton Rouge	AMIKids Baxley Wilderness	AMIKids Beaufort	AMIKids Big Cypress	AMIKids Bennettsville
Public Support and revenue:										
State support:										
Florida	\$ 1,707,059	\$ -	\$ -	\$ -	\$ 1,073,105	\$ -	\$ -	\$ -	\$ 1,543,841	\$ -
South Carolina	1,326,682	-	-	-	-	-	-	1,109,175	-	1,318,034
Louisiana	218,416	1,468,562	-	-	-	-	-	-	-	-
Texas	75,941	-	-	-	-	-	-	-	-	-
North Carolina	225,000	-	-	-	-	-	-	-	-	-
Federal support	1,110,712	74,276	-	1,364,201	-	44,870	-	94,292	148,336	157,874
Regional Revenue	-	162,898	-	-	-	1,071,248	-	29,250	250,962	-
Contributions	1,924,139	34,044	378,007	-	156	84,911	-	115,694	87,660	90,599
Total Public Support	6,587,949	1,739,780	378,007	1,364,201	1,073,261	1,201,029	-	1,348,411	2,030,799	1,566,507
Revenue										
Boat Program	9,762,454	-	-	-	-	-	-	-	-	-
Investment income (loss)	393,622	1	9,315	-	11,989	86	-	(504)	(33)	-
Other	2,564,276	-	-	-	-	1,029	-	98,446	73	7,204
Total revenue	12,720,352	1	9,315	-	11,989	1,115	-	97,942	40	7,204
Total public support and revenue	19,308,301	1,739,781	387,322	1,364,201	1,085,250	1,202,144	-	1,446,353	2,030,839	1,573,711
Expenses										
Program Services	2,690,679	1,859,352	291,865	1,357,880	939,589	1,103,116	-	1,564,023	2,229,206	1,640,932
Management and general	4,360,954	39,084	11,595	6,321	13,892	155,772	5,370	20,509	44,232	24,067
Fundraising	406,361	-	-	-	-	-	-	-	-	-
Boat Program	7,573,430	-	-	-	-	-	-	-	-	-
Total expense	15,031,424	1,898,436	303,460	1,364,201	953,481	1,258,888	5,370	1,584,532	2,273,438	1,664,999
Change in net assets	4,276,877	(158,655)	83,862	-	131,769	(56,744)	(5,370)	(138,179)	(242,599)	(91,288)
Net assets (deficit), beginning of the year	15,147,698	(1,607,503)	1,049,997	-	642,617	547,757	5,370	967,241	(582,174)	(871,083)
Net assets (deficit), end of the year	\$ 19,424,575	\$ (1,766,158)	\$ 1,133,859	\$ -	\$ 774,386	\$ 491,013	\$ -	\$ 829,062	\$ (824,773)	\$ (962,371)

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
June 30, 2015

Schedule II

	AMIKids Sand Hills	AMIKids White Pines	AMIKids Gainesville	AMIKids Gadsden	AMIKids Crossroads	AMIKids Miami Dade	AMIKids Emerald Coast	AMIKids Pensacola	AMIKids Last Chance Ranch
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ 374,686	\$ 265,911	\$ -	\$ 1,447,157	\$ 310,133	\$ 2,150,602	\$ -
South Carolina	1,320,903	1,673,705	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal support	92,832	188,249	44,278	-	230,305	260,655	32,217	30,924	-
Regional Revenue	-	1,930	289,932	-	1,107,913	794,277	240,656	-	-
Contributions	140,344	99,880	96,467	-	91,341	193,538	64,366	36,833	-
Total Public Support	1,554,079	1,963,764	805,363	265,911	1,429,559	2,695,627	647,372	2,218,359	-
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	1	-	18	-	278	3	1	21	-
Other	572	1,609	16	-	11,374	48,908	2,250	1,864	-
Total revenue	573	1,609	34	-	11,652	48,911	2,251	1,885	-
Total public support and revenue	1,554,652	1,965,373	805,397	265,911	1,441,211	2,744,538	649,623	2,220,244	-
Expenses									
Program Services	1,570,799	1,770,757	883,572	176,717	1,479,515	2,561,754	691,529	2,374,177	-
Management and general	18,787	34,737	32,775	6,847	193,822	54,001	25,737	47,469	4,900
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expense	1,589,586	1,805,494	916,347	183,564	1,673,337	2,615,755	717,266	2,421,646	4,900
Change in net assets	(34,934)	159,879	(110,950)	82,347	(232,126)	128,783	(67,643)	(201,402)	(4,900)
Net assets (deficit), beginning of the year	(193,640)	(172,115)	(517,977)	-	248,689	445,214	(158,981)	357,886	4,900
Net assets (deficit), end of the year	\$ (228,574)	\$ (12,236)	\$ (628,927)	\$ 82,347	\$ 16,563	\$ 573,997	\$ (226,624)	\$ 156,484	\$ -

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
June 30, 2015

Schedule II

	AMikids Greater Ft. Lauderdale	AMikids Georgia	AMikids Georgetown	AMikids Sarasota County	AMikids Georgia Properties	AMikids Infinity Wake County	AMikids New Mexico Properties	AMikids Infinity Marlboro	AMikids Lafayette
Public Support and revenue:									
State support:									
Florida	\$ 562,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Carolina	-	-	1,175,148	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal support	62,390	-	77,273	-	-	-	-	-	-
Regional Revenue	329,237	-	-	-	-	427,860	-	400,000	368,004
Contributions	70,683	-	120,922	-	-	2,011	-	924	322
Total Public Support	<u>1,024,937</u>	<u>-</u>	<u>1,373,343</u>	<u>-</u>	<u>-</u>	<u>429,871</u>	<u>-</u>	<u>400,924</u>	<u>368,326</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	130	(11)	(550)	892	-	-	25,002	1	-
Other	7,419	-	17,942	-	-	-	-	7,903	-
Total revenue	<u>7,549</u>	<u>(11)</u>	<u>17,392</u>	<u>892</u>	<u>-</u>	<u>-</u>	<u>25,002</u>	<u>7,904</u>	<u>-</u>
Total public support and revenue	<u>1,032,486</u>	<u>(11)</u>	<u>1,390,735</u>	<u>892</u>	<u>-</u>	<u>429,871</u>	<u>25,002</u>	<u>408,828</u>	<u>368,326</u>
Expenses									
Program Services	1,090,591	-	1,288,851	-	209,264	379,242	24,441	369,196	331,754
Management and general	26,136	2,180	11,715	1,965	826	57,137	533	55,540	53,139
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expense	<u>1,116,727</u>	<u>2,180</u>	<u>1,300,566</u>	<u>1,965</u>	<u>210,090</u>	<u>436,379</u>	<u>24,974</u>	<u>424,736</u>	<u>384,893</u>
Change in net assets	(84,241)	(2,191)	90,169	(1,073)	(210,090)	(6,508)	28	(15,908)	(16,567)
Net assets (deficit), beginning of the year	(3,366)	235,385	489,003	74,873	2,316,768	6,401	755,819	(78,526)	24,758
Net assets (deficit), end of the year	<u>\$ (87,607)</u>	<u>\$ 233,194</u>	<u>\$ 579,172</u>	<u>\$ 73,800</u>	<u>\$ 2,106,678</u>	<u>\$ (107)</u>	<u>\$ 755,847</u>	<u>\$ (94,434)</u>	<u>\$ 8,191</u>

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
June 30, 2015

Schedule II

	AMIKids North Carolina Family Services	AMIKids Jacksonville	South Carolina Wilderness Institute	AMIKids Pasco	AMIKids Northeast Louisiana	AMIKids Orlando	AMI SC Statewide	AMIKids Panama City Marine Institute	AMIKids Piedmont
Public Support and revenue:									
State support:									
Florida	\$ -	\$ 491,937	\$ -	\$ -	\$ -	\$ 433,197	\$ -	\$ 549,761	\$ -
South Carolina	-	-	-	-	-	-	-	-	1,175,148
Louisiana	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	1,275,000	-	-	-	-	-	-	-	-
Federal support	-	47,314	-	19,614	-	39,451	-	74,454	134,939
Regional Revenue	-	322,535	-	113,479	-	318,316	-	644,671	3,750
Contributions	9,361	87,122	-	309,992	-	110,390	2,200	315,354	30,343
Total Public Support	<u>1,284,361</u>	<u>948,908</u>	<u>-</u>	<u>443,085</u>	<u>-</u>	<u>901,354</u>	<u>2,200</u>	<u>1,584,240</u>	<u>1,344,180</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	3	-	3	-	34	-	22	10
Other	-	2,834	-	10,009	-	4,599	4,060	112,993	17,577
Total revenue	<u>-</u>	<u>2,837</u>	<u>-</u>	<u>10,012</u>	<u>-</u>	<u>4,633</u>	<u>4,060</u>	<u>113,015</u>	<u>17,587</u>
Total public support and revenue	<u>1,284,361</u>	<u>951,745</u>	<u>-</u>	<u>453,097</u>	<u>-</u>	<u>905,987</u>	<u>6,260</u>	<u>1,697,255</u>	<u>1,361,767</u>
Expenses									
Program Services	1,262,365	995,341	-	419,768	-	882,562	1,874	1,517,638	1,237,595
Management and general	12,195	39,735	195,008	73,337	23,285	39,508	1,721	98,620	19,457
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expense	<u>1,274,560</u>	<u>1,035,076</u>	<u>195,008</u>	<u>493,105</u>	<u>23,285</u>	<u>922,070</u>	<u>3,595</u>	<u>1,616,258</u>	<u>1,257,052</u>
Change in net assets	9,801	(83,331)	(195,008)	(40,008)	(23,285)	(16,083)	2,665	80,997	104,715
Net assets (deficit), beginning of the year	302,376	370,710	295,070	205,505	26,279	(153,137)	4,360	129,513	235,036
Net assets (deficit), end of the year	<u>\$ 312,177</u>	<u>\$ 287,379</u>	<u>\$ 100,062</u>	<u>\$ 165,497</u>	<u>\$ 2,994</u>	<u>\$ (169,220)</u>	<u>\$ 7,025</u>	<u>\$ 210,510</u>	<u>\$ 339,751</u>

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
June 30, 2015

Schedule II

	AMIKids Pinellas	AMIKids Peninsula	AMIKids Red River	AMIKids Rio Grande Valley	AMIKids Sandoval	AMIKids Savannah River	AMIKids Louisiana Properties	AMIKids Southwest Florida	AMIKids Southwest Louisiana
Public Support and revenue:									
State support:									
Florida	\$ 621,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 490,689	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Texas	-	-	-	430,331	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal support	35,277	-	-	52,754	1,988,523	-	-	32,992	-
Regional Revenue	501,733	-	-	133,217	-	23,225	-	396,690	-
Contributions	101,521	-	-	17,629	47,869	296,073	24,441	161,161	-
Total Public Support	1,259,765	-	-	633,931	2,036,392	319,298	24,441	1,081,532	-
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	1	-	14,774	767	-
Other	29,417	-	305,585	12,112	170	-	146,650	84,022	-
Total revenue	29,417	-	305,585	12,112	171	-	161,424	84,789	-
Total public support and revenue	1,289,182	-	305,585	646,043	2,036,563	319,298	185,865	1,166,321	-
Expenses									
Program Services	1,482,579	-	-	874,844	2,151,500	373,868	137,124	1,031,700	-
Management and general	64,711	-	31,627	35,907	33,153	14,842	21,970	26,440	4,156
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expense	1,547,290	-	31,627	910,751	2,184,653	388,710	159,094	1,058,140	4,156
Change in net assets	(258,108)	-	273,958	(264,708)	(148,090)	(69,412)	26,771	108,181	(4,156)
Net assets (deficit), beginning of the year	194,589	-	(273,958)	(1,393,256)	(257,151)	(443,499)	1,262,835	389,100	4,156
Net assets (deficit), end of the year	\$ (63,519)	\$ -	\$ -	\$ (1,657,964)	\$ (405,241)	\$ (512,911)	\$ 1,289,606	\$ 497,281	\$ -

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
June 30, 2015

Schedule II

	AMIKids Space Coast	AMIKids Tallahassee	AMIKids Tampa	AMIKids Volusia	AMIKids Virginia Wilderness	AMIKids WINGS Texas	AMIKids Y.E.S.	Total	Eliminations	Total
Public Support and revenue:										
State support:										
Florida	\$ 1,460,271	\$ 490,111	\$ 283,712	\$ 521,892	\$ -	\$ -	\$ 1,417,918	\$ 16,195,843	\$ -	\$ 16,195,843
South Carolina	-	-	-	-	-	-	-	9,098,795	-	9,098,795
Louisiana	-	-	-	-	-	-	-	1,686,978	-	1,686,978
Texas	-	-	-	-	-	-	-	506,272	-	506,272
North Carolina	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Federal support	157,469	48,281	44,333	26,647	576,364	-	135,271	7,427,367	-	7,427,367
Regional Revenue	361,268	268,092	343,613	213,949	865,075	-	182,464	10,166,244	-	10,166,244
Contributions	109,669	18,871	167,013	69,256	13,337	-	40,502	5,564,945	(1,247,659)	4,317,286
Total Public Support	2,088,677	825,355	838,671	831,744	1,454,776	-	1,776,155	52,146,444	(1,247,659)	50,898,785
Revenue										
Boat Program	-	-	-	-	-	-	-	9,762,454	-	9,762,454
Investment income (loss)	56	-	1	-	2	-	27,999	483,934	(412,957)	70,977
Other	67,309	21,000	62,160	-	413	31,892	-	3,683,687	(2,823,723)	859,964
Total revenue	67,365	21,000	62,161	-	415	31,892	27,999	13,930,075	(3,236,680)	10,693,395
Total public support and revenue	2,156,042	846,355	900,832	831,744	1,455,191	31,892	1,804,154	66,076,519	(4,484,339)	61,592,180
Expenses										
Program Services	2,210,251	738,472	909,731	859,014	1,706,083	-	1,776,402	49,447,512	(4,111,426)	45,336,086
Management and general	54,186	35,486	37,475	28,241	240,267	31,917	35,195	6,508,481	(888,363)	5,620,118
Fundraising	-	-	-	-	-	-	-	406,361	-	406,361
Boat Program	-	-	-	-	-	-	-	7,573,430	-	7,573,430
Total expense	2,264,437	773,958	947,206	887,255	1,946,350	31,917	1,811,597	63,935,784	(4,999,789)	58,935,995
Change in net assets	(108,395)	72,397	(46,374)	(55,511)	(491,159)	(25)	(7,443)	2,140,735	515,450	2,656,185
Net assets (deficit), beginning of the year	1,021,951	116,209	155,539	(87,801)	676,567	125	851,366	22,767,495	2,106,739	24,874,234
Net assets (deficit), end of the year	\$ 913,556	\$ 188,606	\$ 109,165	\$ (143,312)	\$ 185,408	\$ 100	\$ 843,923	\$ 24,908,230	\$ 2,622,189	\$ 27,530,419

See Independent Auditors' Report on Combining Schedules I and II and Schedule III

Public Support and Revenue Information

For the Year Ended June 30, 2015

	<u>State</u>	<u>School Districts</u>	<u>Federal Support</u>	<u>Other Local Grants</u>	<u>Contributions</u>	<u>Boat Program</u>	<u>Other</u>	<u>Combined Support & Revenue</u>
Florida	\$ 16,195,843	\$ 5,181,510	\$ 2,580,917	\$ 1,498,276	\$ 4,434,040	\$ 9,762,454	\$ 3,475,631	\$ 43,128,671
Georgia	-	-	-	23,225	296,073	-	-	319,298
Louisiana	1,686,978	1,531,837	119,146	70,313	143,719	-	468,125	4,020,118
New Mexico	-	-	3,352,724	-	47,868	-	25,173	3,425,765
North Carolina	1,500,000	427,860	-	-	11,374	-	-	1,939,234
South Carolina	9,098,795	400,000	745,461	34,930	600,904	-	154,271	11,034,361
Texas	506,272	-	52,754	133,218	17,630	-	44,005	753,879
Virginia	-	-	576,365	865,075	13,337	-	416	1,455,193
	<u>28,987,888</u>	<u>7,541,207</u>	<u>7,427,367</u>	<u>2,625,037</u>	<u>5,564,945</u>	<u>9,762,454</u>	<u>4,167,621</u>	<u>66,076,519</u>
Less Intercompany Revenue	-	-	-	-	(1,247,659)	-	(3,236,680)	(4,484,339)
Total Public Support & Revenue	<u>\$ 28,987,888</u>	<u>\$ 7,541,207</u>	<u>\$ 7,427,367</u>	<u>\$ 2,625,037</u>	<u>\$ 4,317,286</u>	<u>\$ 9,762,454</u>	<u>\$ 930,941</u>	<u>\$ 61,592,180</u>

For the Year Ended June 30, 2014

	<u>State</u>	<u>School Districts</u>	<u>Federal Support</u>	<u>Other Local Grants</u>	<u>Contributions</u>	<u>Boat Program</u>	<u>Other</u>	<u>Combined Support & Revenue</u>
Florida	\$ 14,970,058	\$ 4,882,801	\$ 1,435,191	\$ 1,395,588	\$ 4,327,008	\$ 7,184,521	\$ 2,484,412	\$ 36,679,579
Georgia	-	-	13,642	-	248,702	-	56,376	318,720
Louisiana	1,527,611	1,228,209	138,725	70,000	326,418	-	249,534	3,540,497
New Mexico	-	-	2,804,634	-	16,663	-	20,353	2,841,650
North Carolina	1,500,000	427,860	-	-	15,106	-	-	1,942,966
South Carolina	8,445,626	400,000	564,179	40,332	733,895	-	223,922	10,407,954
Texas	728,992	-	65,299	210,530	24,007	-	8,642	1,037,470
Virginia	-	-	517,767	1,208,277	17,982	-	7,734	1,751,760
	<u>27,172,287</u>	<u>6,938,870</u>	<u>5,539,436</u>	<u>2,924,727</u>	<u>5,709,781</u>	<u>7,184,521</u>	<u>3,050,973</u>	<u>58,520,595</u>
Less Intercompany Revenue	-	-	-	-	(1,597,980)	-	(2,043,265)	(3,641,245)
Total Public Support & Revenue	<u>\$ 27,172,287</u>	<u>\$ 6,938,870</u>	<u>\$ 5,539,436</u>	<u>\$ 2,924,727</u>	<u>\$ 4,111,801</u>	<u>\$ 7,184,521</u>	<u>\$ 1,007,709</u>	<u>\$ 54,879,351</u>

See Independent Auditors' Report on Combining Schedules I and II and Schedule III



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**Independent Auditors' Report
on the Schedule of Compensation, Benefits
and Other Payments to Agency Head**

Board of Trustees
AMIkids, Inc.

We have audited the combined financial statements of AMIkids Inc. and Affiliates as of and for the year ended June 30, 2015, and have issued our report thereon dated September 17, 2015 which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements taken as a whole. We have not performed any procedures with respect to the audited combined financial statements subsequent to September 17, 2015.

The Schedule of Compensation, Benefits and Other Payments to Agency Head presented in the following section of this report 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.

BDO USA, LLP

Certified Public Accountants

April 12, 2016

AMKids, Inc. and Affiliates
Schedule of Compensation, Benefits and Other Payments to Agency Head
Year Ended June 30, 2015

Agency Head Name: O.B. Stander

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 224,900
Benefits-Insurance	6,932
Benefits-retirement	91,386
Benefits - other	-
Car allowance	-
Vehicles provided by government	-
Per diem	-
Reimbursements	44,861
Travel	37,892
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<u>\$ 405,971</u>

**Reports Required by
Government Auditing Standards,
OMB Circular A-133,
the Florida Single Audit Act and the
State of Texas Single Audit Circular**

AMIkids, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2015

<u>Federal Agency/ Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Contract Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u> (passed through Florida, South Carolina, Virginia, Louisiana and New Mexico Departments of Education and Texas Department of Agriculture):			
School Breakfast Program	10.553	01-0233 (Florida) N/A (South Carolina) N/A (Virginia) 09-SFS-007 (Louisiana) 11008 (New Mexico) 01198 (Texas)	\$169,347 135,827 10,061 20,404 12,064 9,550 <hr/> 357,253
National School Lunch Program	10.555	01-0233 (Florida) N/A (South Carolina) N/A (Virginia) 09-SFS-007 (Louisiana) 11008 (New Mexico) 01198 (Texas)	394,413 270,597 16,612 38,374 22,690 19,177 <hr/> 761,863
Total – U.S. Department of Agriculture			<hr/> 1,119,116
<u>U.S. Department of Education</u> (passed through various county school boards as noted below)			
Title I, Part A	84.010	4401 (Okaloosa County)	10,000
Title I, Part D	84.013	None (Bay County) None (Broward County) None (Volusia County) None (Leon County) 2234A (Alachua County)	4,990 24,000 1,319 10,295 14,054
Title I, Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV)	84.048	050-1614A-4CJJ1 (Brevard County)	<hr/> 38,693
Total – U.S. Department of Education			<hr/> 103,351
<u>U.S. Department of Labor</u>			
Employment and Training Administration – Face Forward 2 – Intermediary and Community Grants	17.270	YF-25949-14-60-A-12	<hr/> 444,755
<u>Passed through AMIkids, Inc.</u>			
Employment and Training Administration – Face Forward 2 – Intermediary and Community Grants	17.270	AMIkids Big Cypress AMIkids Bennettsville AMIkids White Pines AMIkids Dade Marine AMIkids Piedmont	61,093 55,960 83,600 129,140 51,622

The accompanying notes are an integral part of this schedule.

AMIkids, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2015

<u>Federal Agency/ Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Contract Number</u>	<u>Expenditures</u>
		AMIkids Space Coast	53,571
		AMIkids YES	51,781
			<u>486,767</u>
<u>Passed through Florida Department of Economic Opportunity, passed through Southwest Florida Workforce Development Board, passed through Henkel and McCoy Southwest Florida Youth Connections:</u>			
WIA Vocational Education	17.259	None	<u>30,000</u>
Total – U.S. Department of Labor			<u>961,522</u>
<u>U.S. Department of Homeland Security</u>			
ICE/Detention Compliance and Removals	97.Unknown	HSCEDM-14-C-00003	<u>1,604,949</u>
<u>U.S. Department of Justice/Federal Bureau of Prisons</u>			
Non-Secure Residential Male Juvenile Services/Mental Health Services	16.Unknown	DJB200028	<u>2,278,591</u>
Total Expenditures of Federal Awards			<u>\$6,067,529</u>
<u>State Agency/State Project</u>	<u>CSFA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<u>Florida Department of Juvenile Justice:</u>			
Delinquency Non-secure Residential Services	80.016	10079, R2055, R2098, R2119	\$6,758,664
Day Treatment Services	80.021	P2106, P2107, P2118, P2119, P2121, X1701, X1705, 10216	<u>9,158,109</u>
Total Florida Department of Juvenile Justice			<u>15,916,773</u>
<u>Florida Department of Highway Safety and Motor Vehicles:</u>			
Horse Country Specialty License Plate Program	76.104	None	<u>184,942</u>
<u>Florida Department of Children and Families (passed through Children’s Network of Southwest Florida and Various Community Based Care Organizations)</u>			
Residential Group Care Program Services	60.094	DAJ07	<u>978,643</u>
<u>Florida Department of Education</u>			
School and Instructional Enhancement – AMIkids Gadsden	48.040	93Q-97495-5Q001	<u>279,906</u>

The accompanying notes are an integral part of this schedule.

AMIkids, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2015

<u>State Agency/State Project</u>	<u>CSFA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<u>Florida Atlantic University</u>			
Experiential Education Curriculum – FAU/AMIkids	None	None	<u>1,126,713</u>
Total Expenditures of State Financial Assistance – Florida			<u>\$18,486,977</u>
<u>Texas Juvenile Justice Department:</u>			
Residential Services (passed through various county Juvenile Probation Departments)	None	None	<u>\$133,218</u>
Residential Services	None	RS05453	<u>506,272</u>
Total Expenditures of State Financial Assistance – Texas			<u>\$639,490</u>

The accompanying notes are an integral part of this schedule.

AMIkids, Inc. and Affiliates
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 (the “Schedule”) includes the federal and state grant activity of AMIkids, Inc. and Affiliates under programs of the federal and state governments for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, Rules of the Florida Department of Financial Services, Chapter 69I-5, Florida Administrative Code and the State of Texas Single Audit Circular. Because the Schedule presents only a selected portion of the operations of AMIkids, Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets or cash flows of AMIkids, Inc. and Affiliates. Therefore, some amounts presented in the Schedule may differ from amounts presented in the combined financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* and applicable state guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented when available.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
AMlkids, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of AMlkids, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of June 30, 2015, 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, and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined 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 opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP
Certified Public Accountants

September 17, 2015



Independent Auditor's Report on Compliance for Each Major Federal Program and State Project, and Report on Internal Control Over Compliance

Board of Trustees
AMIkids, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited AMIkids, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, the requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement* and State of Texas Single Audit Circular that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to each of 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; State of Florida, Chapter 10.650, Rules of the Auditor General; and State of Texas Single Audit Circular. Those standards, OMB Circular A-133 and regulations in the States of Florida and Texas 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 opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

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 each of its major federal programs and state projects for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133, State of Florida, Chapter 10.650 and State of Texas Single Audit Circular. Our opinion on each major federal program and state project is not modified with respect to these matters.

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 a major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or state project and to test and report on internal control over compliance in accordance with OMB Circular A-133, State of Florida, Chapter 10.650 and State of Texas Single Audit Circular 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.

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 projects on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state projects will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state projects that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of Report

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 OMB Circular A-133, State of Florida, Chapter 10.650 and State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP
Certified Public Accountants

September 17, 2015

AMikids, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Year ended June 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None reported

Type of auditors’ report issued on compliance for major federal programs and state projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Any audit findings disclosed that are required to be reported under Florida Section 10.656, Rules of the Auditor General? _____ Yes X No

Any audit comments or recommendations reported in a separate letter as required by Florida Section 10.656(3)(e), Rules of the Auditor General? _____ Yes X No

Any audit comments or recommendations reported in a separate letter as required by the State of Texas Single Audit Circular? _____ Yes X No

Identification of major federal programs and state projects:

Federal CFDA Number

17.270

97.Unknown

Name of Federal Program

Employment and Training Administration – Face Forward 2 – Intermediary and Community Grant
 ICE/Detention Compliance and Removals

State of Florida CSFA Number

80.016

80.021

Name of State Project

Delinquency Non-Secure Residential Services
 Day Treatment Services

AMikids, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

State of Texas Grant Number
 RS05453

Name of State Project
 Residential Services

Dollar threshold used to distinguish between type A and type B programs and projects:

Major federal programs	\$300,000
Major state projects – Florida	\$555,375
Major state projects – Texas	\$300,000

Auditee qualified as low-risk auditee pursuant to OMB
 Circular A-133 and the State of Texas Single Audit
 Circular?

 Yes No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

No matters were reported.

Section IV – Summary Schedule of Prior Year Findings

No matters were reported in the prior year.