

AMlkids, Inc. and Affiliates

**Combined Financial Statements and
Schedules**

Year ended June 30, 2014

(With comparative information for 2013)

AMIkids, Inc. and Affiliates
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Year ended June 30, 2014
(With comparative financial information for 2013)

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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, 2014, 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, 2014, 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.

Emphasis of Matters

As discussed in Note 1 (Functional Allocation of Expenses), effective July 1, 2013, the Organization elected to change its method of accounting for allocating certain expenses which were previously classified as management and general to program services in order to better reflect the Organization's functional activities. This change has also been reflected in the summarized comparative financial statements as of and for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

As discussed in Note 10, effective July 1, 2013, the Organization revised the estimate of its workers compensation and vehicle insurance reserves. This change in estimate reflects a change in conditions and not a change in accounting principle. Our opinion is not modified with respect to this matter.

As discussed in Note 14, the summarized comparative financial statements as of June 30, 2013 and for the year then ended have been restated to correct a misstatement related to the accounting for a vehicle insurance refund. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the AMLkids, Inc. and Affiliates 2013 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated September 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

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 691-5, 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.

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.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 17, 2014

AMIkids, Inc. and Affiliates
Combined Statement of Financial Position
June 30, 2014
(With comparative financial information for 2013)

	2014	(As Restated - Note 14) 2013
Assets		
Cash and Cash Equivalents	\$ 7,859,405	\$ 6,917,680
Investments	8,781,254	8,255,320
Accounts Receivable:		
Funding Agencies	3,408,982	4,321,290
Other	386,490	667,035
Prepaid Expenses and Other Assets	1,530,241	1,587,305
Assets Held for Sale	1,684,391	2,051,295
Boat Inventory	2,923,450	1,822,460
Boats under Lease	4,502,947	5,849,076
Property and Equipment, Net	11,554,264	11,530,303
	<u>\$ 42,631,424</u>	<u>\$ 43,001,764</u>
Liabilities and Net Assets		
Liabilities:		
Lines of Credit	\$ 1,000,000	\$ 1,103,000
Accounts Payable	1,750,810	1,479,858
Accrued Expenses	8,342,502	8,742,674
Accrued Pension	2,874,630	2,898,863
Deferred Revenues	615,044	765,476
Security Deposits	1,245,846	1,600,746
Notes Payable	1,928,358	2,448,489
Total Liabilities	<u>17,757,190</u>	<u>19,039,106</u>
Net Assets:		
Unrestricted	22,116,756	21,655,913
Temporarily Restricted	2,700,388	2,249,655
Permanently Restricted	57,090	57,090
Total Net Assets	<u>24,874,234</u>	<u>23,962,658</u>
	<u>\$ 42,631,424</u>	<u>\$ 43,001,764</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, 2014
(With summarized financial information for 2013)

	Unrestricted	Temporarily restricted	Permanently restricted	Totals	
				2014	(As Restated - Note 14) 2013
Public support and revenue:					
State support:					
Florida	\$ 14,970,058	\$ -	\$ -	\$ 14,970,058	\$ 15,258,444
South Carolina	8,445,626	-	-	8,445,626	8,217,969
Louisiana	1,527,611	-	-	1,527,611	1,569,156
Georgia	-	-	-	-	1,298,359
Texas	728,992	-	-	728,992	535,166
North Carolina	1,500,000	-	-	1,500,000	1,469,399
Federal support	5,539,436	-	-	5,539,436	7,209,016
Regional support	9,863,597	-	-	9,863,597	10,423,154
Contributions	1,459,266	2,652,535	-	4,111,801	3,882,915
Total public support	44,034,586	2,652,535	-	46,687,121	49,863,578
Revenue:					
Boat program	7,184,521	-	-	7,184,521	4,763,821
Investment income	387,222	11,416	-	398,638	292,228
Other	609,071	-	-	609,071	1,688,859
Total revenue	8,180,814	11,416	-	8,192,230	6,744,908
Net assets released from restrictions	2,213,218	(2,213,218)	-	-	-
Total public support and revenue	54,428,618	450,733	-	54,879,351	56,608,486
Expenses:					
Program services	43,206,833	-	-	43,206,833	54,166,409
Management and general	4,999,573	-	-	4,999,573	7,706,375
Fundraising	282,347	-	-	282,347	321,773
Boat program	5,479,022	-	-	5,479,022	4,243,321
Total expenses	53,967,775	-	-	53,967,775	66,437,878
Change in net assets	460,843	450,733	-	911,576	(9,829,392)
Net assets, beginning of year (as restated - Note 14)	21,655,913	2,249,655	57,090	23,962,658	33,792,050
Net assets, end of year	\$ 22,116,756	\$ 2,700,388	\$ 57,090	\$ 24,874,234	\$ 23,962,658

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, 2014
(With summarized financial information for 2013)

	Supporting Services					Totals	
	Total Program Services	Management and General	Fund Raising	Boat Program	Total	(As Restated - Note 14)	
					Support Services	2014	2013
Salaries	\$ 23,139,534	\$ 1,703,763	\$ 138,396	\$ 449,004	\$ 2,291,163	\$ 25,430,697	\$ 30,668,456
Employee benefits and payroll taxes	5,953,768	698,116	13,170	133,476	844,762	6,798,530	10,347,968
Commissions	-	-	-	1,328,597	1,328,597	1,328,597	614,909
Travel	924,147	92,573	14,735	88,734	196,042	1,120,189	1,517,528
Conferences and training	772,478	37,386	107	-	37,493	809,971	1,026,069
Books and publications	20,577	41,616	2,432	1,262	45,310	65,887	76,299
Rent and utilities	2,239,882	90,554	-	12,083	102,637	2,342,519	2,589,753
Insurance	2,141,985	12,327	-	227,957	240,284	2,382,269	3,257,202
Telephone	671,646	29,925	3,767	18,451	52,143	723,789	910,054
Professional fees	871,113	951,208	65,726	292,580	1,309,514	2,180,627	1,583,917
Postage	-	108,032	-	2,185	110,217	110,217	126,461
Student supplies and training	2,977,303	216,857	38,574	36,357	291,788	3,269,091	3,424,869
Community development	179,898	333,515	5,440	605	339,560	519,458	601,068
Equipment and maintenance	1,570,556	314,860	-	879,638	1,194,498	2,765,054	2,865,419
Transportation	-	-	-	72,791	72,791	72,791	81,409
Dockage	-	-	-	146,949	146,949	146,949	82,586
Interest	108,159	78,716	-	22,578	101,294	209,453	287,068
Depreciation and amortization	1,423,392	111,055	-	73,398	184,453	1,607,845	2,242,553
Amortization of boats on charter	-	-	-	1,664,739	1,664,739	1,664,739	1,777,805
Impairment and other expenses	212,395	179,070	-	27,638	206,708	419,103	2,356,485
Total Expenses	\$ 43,206,833	\$ 4,999,573	\$ 282,347	\$ 5,479,022	\$ 10,760,942	\$ 53,967,775	\$ 66,437,878

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, 2014
(With comparative financial information for 2013)

	2014	(As Restated - Note 14) 2013
Cash flows from operating activities:		
Change in net assets	\$ 911,576	\$ (9,829,392)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,607,845	2,242,553
Net (gain) loss on disposal/impairment of property and equipment and assets held for sale	225,905	989,539
Donated property and equipment	(546,363)	(163,355)
Realized and unrealized gains on investments	(329,452)	(178,272)
Other loss	-	106,220
(Increase) decrease in:		
Accounts receivable	1,192,853	478,032
Prepaid expenses and other assets	57,064	(102,144)
Boat Inventory	(1,100,990)	1,079,609
Boats under Lease	1,346,129	440,310
Restricted investments	-	100,000
Increase (decrease) in:		
Accounts payable	270,952	510,482
Accrued expenses	(400,172)	891,001
Accrued pension	(24,233)	1,546,199
Deferred revenues	(328,167)	(496,979)
Security deposits	(354,900)	43,605
Net cash provided by (used in) operating activities	<u>2,528,046</u>	<u>(2,342,592)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,391,263)	(749,883)
Proceeds from sale of property and equipment and assets held for sale	655,715	1,373,304
Proceeds from sale of investments	5,514,506	6,819,550
Purchases of investments	(5,710,988)	(6,794,695)
Net cash provided by (used in) investing activities	<u>(932,030)</u>	<u>648,276</u>
Cash flows from financing activities:		
Net (repayments) borrowings on lines of credit	-	1,102,060
Proceeds from new borrowings from third parties	627,871	36,000
Payments on notes payable	(1,282,162)	(1,555,449)
Net cash used in financing activities	<u>(654,291)</u>	<u>(417,389)</u>
Net increase (decrease) in cash and cash equivalents	941,725	(2,111,705)
Cash and cash equivalents at beginning of year	6,917,680	9,029,385
Cash and cash equivalents at end of year	<u>\$ 7,859,405</u>	<u>\$ 6,917,680</u>
Cash paid for interest	<u>\$ 209,453</u>	<u>\$ 287,068</u>
Supplemental disclosure of noncash investing and financing activities:		
Financed purchases of property and equipment	\$ 31,160	\$ 129,890
Other noncash additions of property and equipment	177,735	526,276
Line of credit refinanced to note payable	103,000	-

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

Year ended June 30, 2014

(With comparative financial information for 2013)

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 fifty 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 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, local funding, contributions and boat program operations. AMIkids, Inc. executes the majority of contracts, collects funds, coordinates the operations, and manages the record keeping 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, 2014
(With comparative financial information for 2013)

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. 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.

Some boat donations are structured in a way where AMIkids, Inc. pays for a portion of the value of the donated boat and reduces boat program revenues. For the years ended June 30, 2014 and 2013, no such donations were received.

Boats under Lease

AMIkids charts 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 charter payments applied to the purchase price. Revenues are recognized as received except for security deposits and short-term lease payments. Security deposits are recognized if and when the purchase option is exercised. 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.

Future minimum lease payments due under operating leases during fiscal years 2015, 2016 and 2017 are approximately \$836,000, \$467,000 and \$225,000, respectively. At June 30, 2014 and 2013, the unexercised purchase options were approximately \$2,660,000 and \$4,100,000, respectively. The gross value and accumulated depreciation on leased property as of June 30, 2014 was approximately \$7,085,000 and \$2,580,000 respectively. The gross value and accumulated depreciation on leased property as of June 30, 2013 was approximately \$10,740,000 and \$4,840,000, respectively.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

Amortization of boats under lease amounted to \$1,664,739 and \$1,777,805 for the years ended June 30, 2014 and 2013, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was \$3,368,413 and \$1,339,703 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013, the Organization intends to sell the following vacated 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>2014</u>	<u>2013</u>
AMIkids Inc ^{1,2}	Land, buildings and improvements	\$ 300,000	\$ 178,600
Gainesville	Land, buildings and improvements	69,301	-
Manatee ¹	Land, buildings and improvements	-	300,000
Middle Georgia	Land, buildings and improvements	-	151,047
Northeast Louisiana	Land and improvements	50,000	100,000
Panama City Marine	Land	140,000	140,000
Pasco	Land	110,000	110,000
Peninsula	Land, buildings and improvements	-	143,875
Jefferson	Land, buildings and improvements	-	200,000
Louisiana Properties	Land, buildings and improvements	350,000	405,163
Red River	Land, buildings and improvements	355,090	-
WINGS Texas	Land, buildings and improvements	310,000	322,610
		<u>\$1,684,391</u>	<u>\$2,051,295</u>

¹During 2014, title to Manatee's property was transferred to AMIkids Inc.

²During 2014, two parcels of land totaling \$178,600 were reclassified to property and equipment

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

Impairment of Long-Lived Assets and Assets Held for Sale

AMIkids reviews all long-lived assets, which consist primarily of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows. There were no impairment of long-lived assets during 2014 and 2013. 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 2014 and 2013, 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>2014</u>	<u>2013</u>
Baxley	Buildings and site improvements	Closure of facility	Complete write-off	\$ -	\$ 95,031
Bayou	Land improvements	Closure of facility	Complete write-off	-	63,519
Manatee	Land, buildings and improvements	Closure of facility	Comparable sales	-	555,958
Northeast Louisiana	Land and improvements	Closure of facility	Comparable sales	50,000	51,993
Panama City Marine	Land	Changed intended usage	Listing price	-	327,000
Peninsula	Land, buildings and improvements	Purchase offer	Purchase offer	-	155,875
Jefferson	Land, buildings and improvements	Closure of facility	Listing price	-	155,100
Louisiana Properties ¹	Land, buildings and improvements	Closure of facility	Purchase offer	55,163	108,734
WINGS Texas	Land, buildings and improvements	Closure of facility	Purchase offer	12,610	-
				<u>\$ 117,773</u>	<u>\$1,513,210</u>

¹Reflects real property leased to AMIkids Southwest Louisiana until it ceased operations in 2013 due to loss of funding

Fair value for the above impairments was based on actual offers to purchase the property, the listed price less estimated costs to sell, or comparable sales for similar properties in similar areas. 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 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 \$450,000 and \$510,000 for the years ended June 30, 2014 and 2013, respectively, and are reflected as contributions 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.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

Regional support represents amounts received from local sources, including county school boards and United Way agencies. Other revenue is primarily special fundraising events and gain on sale of property and equipment.

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

Contributions received are measured at their fair values and are reported as increases in net assets. AMIkids reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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, 2014 and 2013, 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.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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(With comparative financial information for 2013)

The Organization's Level 1 financial assets as of June 30, 2014 and 2013 consist of investments of \$6,235,663 and \$5,654,437, 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, 2014 and 2013 consist of corporate bonds (included in pooled fixed income funds in Note 2) of \$41,431 and \$96,522, respectively, and cash surrender of insurance policies of \$76,181 and \$72,831, respectively. Corporate bonds are valued based upon 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. Effective July 1, 2013, the Organization elected to change its method of accounting for allocating certain expenses which were previously classified as management and general to program services in order to better reflect the Organization's functional activities. This change has also been reflected in the summarized comparative financial statements for the year ended June 30, 2013. This resulted in an increase in program service expenses and decrease in management and general expenses of approximately \$1.8 million and \$2.5 million for the years ended June 30, 2014 and 2013, respectively. There was no effect of this change on net assets or change in net assets as of and for the years ended June 30, 2014 or 2013.

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 statement of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Summarized Financial Information for 2013

The financial information for the year ended June 30, 2013 is presented for comparative purposes, and is not intended to be a complete presentation. Certain amounts for fiscal 2013 have been reclassified to conform with their presentation in the 2014 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, 2014
(With comparative financial information for 2013)

2. Investments

Investments at June 30, 2014 and 2013 consist of:

	<u>2014</u>	<u>2013</u>
Certificates of deposit	\$ 2,427,979	\$ 2,431,530
Pooled equity funds	1,617,026	1,511,369
Pooled fixed income funds	460,236	484,899
Equity securities	-	87,203
Cash surrender value of insurance policies	76,181	72,831
Government securities	4,199,832	3,667,488
	<u>\$ 8,781,254</u>	<u>\$ 8,255,320</u>

Investment income was comprised of the following for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 69,186	\$ 113,956
Net realized and unrealized gains	329,452	178,272
	<u>\$ 398,638</u>	<u>\$ 292,228</u>

3. Property and Equipment

Property and equipment at June 30, 2014 and 2013 consist of:

	<u>2014</u>	<u>2013</u>
Land and permanent site improvements	\$ 3,509,824	\$ 3,825,915
Buildings and leasehold improvements	21,328,141	21,319,541
Furniture, fixtures and equipment	7,922,286	8,707,444
Motor vehicles	2,135,648	2,712,422
Boats, motors and trailers	1,217,638	812,697
Swimming Pools	392,209	469,723
Construction in progress (estimate to complete is \$18,000)	133,810	131,258
	<u>36,639,556</u>	<u>37,979,000</u>
Less accumulated depreciation and amortization	(25,085,292)	(26,448,697)
	<u>\$ 11,554,264</u>	<u>\$ 11,530,303</u>

Included in furniture, fixtures and equipment are assets recorded under capital leases with a cost and accumulated depreciation of \$147,732 and \$82,368, respectively, at June 30, 2014 and \$174,270 and \$111,294 respectively, at June 30, 2013.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

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, 2014 and 2013 consist of:

Entity	2014	2013
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, 2014 was 2.55%), expiring February 11, 2015, 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, 2014 was 2.55%), expiring February 11, 2015, collateralized by vessel inventory and lease receivables	1,000,000	1,000,000
Panama City Line of credit, maximum available \$0, interest-only with interest at 5.5%, due July 2013; collateralized by equipment. Refinanced in August 2013 with a five year promissory note.	-	103,000
Space Coast Line of Credit, maximum principal amount of \$100,000, interest rate tied to the WSJ Prime Rate plus 1.5% with a floor rate of 5% (interest rate at June 30, 2014 was 5.00%), expiring December 2014, collateralized by building	-	-
Total Lines of Credit	\$ 1,000,000	\$ 1,103,000

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

At June 30, 2014, the Organization had a maximum of approximately \$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, 2014 was approximately \$4,700,000. 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, 2014 and 2013.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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(With comparative financial information for 2013)

5. Notes Payable

Notes payable at June 30, 2014 and 2013 consists of:

<u>Entity</u>	<u>2014</u>	<u>2013</u>
AMIkids, Inc. Mortgage payable bearing interest at 30 Day LIBOR index plus 2.1% (interest rate at June 30, 2014 was 2.25%); monthly installments of \$7,711 plus interest, due April 2017 with a final payment of \$7,843, collateralized by building	\$ 258,511	\$ 351,041
AMIkids, Inc. Mortgage payable bearing interest at 30 Day LIBOR index plus 2.1% (interest rate at June 30, 2014 was 2.25%); monthly installments of \$4,564 plus interest, due April 2017 with a final payment of \$4,565, collateralized by building	155,185	209,956
Beaufort Note payable in monthly installments of \$664, including interest at 1.99%, due August 2018, collateralized by vehicle	31,220	37,895
Beaufort Note payable in monthly installments of \$666, including interest at 2.2%, due October 2018, collateralized by certificate of deposit	32,975	39,561
Baton Rouge Note payable in monthly installments of \$1,783 including interest at 5.9%. Vehicle sold and note paid in full in 2014.	-	19,333
Baton Rouge Note payable in monthly installments of \$792, including interest at 5.9%. Vehicle sold and note paid in full in 2014.	-	27,388
Georgetown Note payable in monthly installments of \$956, including interest at 6.7%, due November 2016; collateralized by vehicles	18,534	30,247
Jacksonville Note payable in monthly installments of \$500, including interest at 13.3%, due March 2015, collateralized by equipment under capital lease	3,797	9,313
Jacksonville Mortgage payable in monthly principal installments of \$2,510 plus interest of 3.5% over the LIBOR rate (interest rate at June 30, 2014 was 3.65%), with balloon payment of approx. \$484,500 due April 2018, secured by Institute premises and guaranteed by AMIkids, Inc., and is cross collateralized	597,447	-
Jefferson Mortgage payable in monthly principal installments of \$2,398, plus interest of LIBOR Index rate plus 2.1%. Paid in full in 2014.	-	108,269

AMKids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

<u>Entity</u>		<u>2014</u>	<u>2013</u>
Louisiana Properties	Mortgage payable in monthly installments of \$24,085, plus interest of 5.2%. Paid in full in 2014.	-	819,918
Orlando	Mortgage payable in monthly installments of \$1,370 including interest at 7.25%, due November 2017, collateralized by building	50,135	62,446
Panama City	Note payable in monthly installments of \$1,973, including interest at 5.5%, due August 2018; collateralized by equipment	87,839	-
Panama City	Note payable in monthly installments of \$681, including interest at 5%, due May 2018; uncollateralized. Refinanced in 2014.	-	35,484
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. Refinanced in 2014 with new terms reflected above.	484,627	465,838
Pensacola	Mortgage payable in monthly installments of \$966, including interest at 3%, due June, 2019 with final balloon payment of of approx \$54,500, collateralized by building. Refinanced in 2014 with new terms reflected above.	100,000	85,954
Piedmont	Mortgage payable in monthly installments of \$662 including interest at 6.5%, balloon payment of approx \$29,400, due November 2016, collateralized by building	42,458	47,460
Virginia Wilderness	Note payable in monthly installments of \$5,000, including interest at 6%. Paid in full in 2014.	-	36,787
Various	Various notes payable, monthly installments from \$137 to \$500, various interest rates, due various dates through June 2019, collateralized by equipment.	65,630	61,599
	Total Notes Payable	\$ 1,928,358	\$ 2,448,489

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

Principal payments on notes payable for years subsequent to June 30, 2014 are as follows:

2015	\$ 295,860
2016	286,183
2017	278,118
2018	589,434
2019	94,952
Thereafter	383,811
	<u>\$ 1,928,358</u>

6. Accrued Expenses

Accrued expenses at June 30, 2014 and 2013 consist of:

	2014	(As Restated - Note 14) 2013
Workers compensation self-insurance reserve	\$ 4,366,114	\$ 4,122,594
Vehicle and other self-insurance reserve	901,412	955,575
Medical self-insurance reserve	500,000	500,000
Accrued payroll	339,358	475,709
Accrued vacation	636,274	693,333
Accrued severance and unemployment	196,601	1,088,236
Accrued boat program payments	781,934	171,158
Other accruals	620,809	736,069
	<u>\$ 8,342,502</u>	<u>\$ 8,742,674</u>

7. Restrictions and Limitations on Net Assets

Temporarily restricted net assets consist of the following at June 30, 2014 and 2013:

	2014	2013
Education/scholarship	\$ 802,867	\$ 760,829
Building / Equipment	600,036	618,725
Girls Initiative Program	422,138	420,469
Experiential Activities	657,863	242,265
Other	217,484	207,367
	<u>\$ 2,700,388</u>	<u>\$ 2,249,655</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.

Effective July 1, 2012, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). FUPMIFA establishes statutory law governing Florida not-for-profit corporation's management of investments.

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(With comparative financial information for 2013)

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, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Education/scholarship	\$ 132,036	\$ 236,896
Building/ Equipment	358,617	759,139
Experiential Activities	1,249,573	1,758,872
Other	472,992	638,425
	<u>\$ 2,213,218</u>	<u>\$ 3,393,332</u>

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

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, 2012	\$ 20,638,696	\$ 44,513	\$ 50,000	\$ 20,733,209
Change in Net Assets (As Restated - Note 14)	(7,416,302)	7,319	-	(7,408,983)
Net Assets June 30, 2013 (As Restated - Note 14)	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
AMIkids Foundation				
Net Assets June 30, 2012	68,522	917,360	7,090	992,972
Change in Net Assets	26,180	(66,962)	-	(40,782)
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
Member Institutes and Schools				
Net Assets June 30, 2012	9,929,428	2,036,441	100,000	12,065,869
Change in Net Assets	(1,590,611)	(689,016)	(100,000)	(2,379,627)
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
Total Net Assets as of June 30, 2014	\$ 22,116,756	\$ 2,700,388	\$ 57,090	\$ 24,874,234

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, Inc. and Affiliates
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(With comparative financial information for 2013)

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, 2014 and 2013 was approximately \$647,000 and \$725,000, respectively. Based on the current operating leases, the annual lease expense is expected to remain consistent with 2014 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 \$2,923,450 and \$1,822,460 at June 30, 2014 and 2013, 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 \$5,268,000 and \$5,078,000 at June 30, 2014 and 2013 (as restated – Note 14), 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. Effective July 1, 2013, AMIkids changed its accounting estimate for high deductible workers compensation and vehicle insurance from utilizing an 85% confidence level loss pick for the new workers compensation and vehicle insurance policy that begins September 1, 2013 through August 31, 2014 to utilizing a 75% confidence level. Loss picks are based upon five years of historical claim costs and do not reflect changes in program type or improved approaches to managing risk exposure. AMIkids believes that continuing to utilize the 85% confidence level loss pick would result in too conservative of an accounting accrual and current year expense given the reduced number of vehicles and improved approaches to managing vehicle risk by adding GPS tracking units on all vehicles that report speeds, sudden stops and traffic violations. This combined with the changing nature of AMIkids programs to more day program and educational in nature have lowered workers compensation exposure. The impact of this change in 2014 is a reduction in vehicle insurance and workers compensation expense by \$216,000 and \$231,000, respectively, and an increase in change in net assets by \$447,000.

Under AMIkids' workers compensation and vehicle policies, the Organization has provided the insurance carrier letter of credit for \$1,000,000, which is collateralized by investments and cash and cash equivalents held by AMIkids. There is also an additional \$4,500,000 held in a secured collateralized account to support these policies. Total investments and cash and cash equivalents of \$7,000,000 as of June 30, 2014 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, 2014 and 2013 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.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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(With comparative financial information for 2013)

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, 2014 and 2013 was approximately \$1,346,000 and \$1,623,000, 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.

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 fiscal year ended June 30, 2013 and due to a loss of funding, the following Institutes were closed: AMIkids Alexandria, Inc., AMIkids Baxley, Inc., AMIkids Bayou Region, Inc., AMIkids Donaldsonville, Inc., AMIkids Jefferson, Inc., AMIkids Last Chance Ranch, Inc., AMIkids Middle Georgia, Inc., AMIkids Norfolk, Inc., AMIkids Northeast Louisiana, Inc., AMIkids Red River, Inc., AMIkids Savannah River, Inc., AMIkids Sarasota County, Inc., AMIkids Southwest Louisiana, Inc., AMIkids West Florida, Inc., and AMIkids WINGS South Florida, Inc. The Organization paid approximately \$414,000 of severance and unemployment costs during 2013 related to these closures. In addition, approximately \$1,025,000 had been recorded in accrued expenses as of June 30, 2013 for future payments of unemployment and severance costs related to staff terminated pursuant to these closures. During 2014, payments made against this accrual were approximately \$668,000 and adjustments to reduce this accrual were approximately \$287,000 and recorded as a reduction in program expenses. As of June 30, 2014, approximately \$70,000 remains in accrued severance and unemployment expenses related to these closures. The total amount expensed during the year ended June 30, 2013 related to one-time termination benefits was approximately \$1,439,000 and is included in program expenses on the accompanying combined statement of activities. Of this amount, \$475,000 is included in salaries and \$964,000 is included in employee benefits and payroll taxes on the accompanying combined statement of functional expenses.

14. Restatement

The summarized comparative financial statements as of and for the year ended June 30, 2013 have been restated to correct an error related to the accounting for a vehicle insurance refund. The effect of this restatement is an increase in accrued expenses and total liabilities at June 30, 2013 of \$191,362 on the accompanying combined statement of financial position. Unrestricted net assets at June 30, 2013 and change in unrestricted net assets for the year ended June 30, 2013 was reduced by \$191,362

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2014
(With comparative financial information for 2013)

to reflect additional insurance expense which is included in management and general expenses (insurance expense) in the accompanying combined statements of activities and functional expenses.

15. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2014 as of September 17, 2014, which is the date the combined financial statements were issued. Subsequent events occurring after September 17, 2014 have not been evaluated by management. No material events have occurred since June 30, 2014 that require recognition or disclosure in the combined financial statements.

Independent Auditors' Report on Supplementary Information

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. The supplementary information 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.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 17, 2014

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2014

Schedule I

	AMIKids	AMIKids Acadiana	AMIKids Foundation	AMIKids Gainesville	AMIKids Family Services	AMIKids Baton Rouge	AMIKids Baxley Wilderness	AMIKids Beaufort	AMIKids Big Cypress
Assets									
Cash and Cash Equivalents	\$ 1,865,608	\$ 48,100	\$ 3,179,670	\$ 15,489	\$ 188,358	\$ 19,030	\$ -	\$ 168,728	\$ 48,040
Investments	7,305,319	-	575,483	-	-	-	-	364,888	-
Accounts Receivable:									
Funding Agencies	2,180,314	-	-	1,995	-	210,462	-	5,218	26,706
Other, net	87,111	8,133	51,142	5,153	-	5,280	-	48,991	3,628
Prepaid Expenses and Other Assets	603,657	45,224	-	33,937	50,448	42,876	-	47,839	35,262
Due from Affiliates	12,869,800	130,864	-	41,424	470,858	20,221	-	106,310	149,648
Assets Held for Sale	300,000	-	-	69,301	-	-	-	-	-
Boat Inventory	2,923,450	-	-	-	-	-	-	-	-
Boats under Lease	4,502,947	-	-	-	-	-	-	-	-
Property and Equipment, Net	1,299,312	53,263	-	86,097	5,953	452,785	5,370	426,977	45,162
	<u>\$ 33,937,518</u>	<u>\$ 285,584</u>	<u>\$ 3,806,295</u>	<u>\$ 253,396</u>	<u>\$ 715,617</u>	<u>\$ 750,654</u>	<u>\$ 5,370</u>	<u>\$ 1,168,951</u>	<u>\$ 308,446</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	812,442	34,161	-	15,597	18,965	16,447	-	31,322	35,347
Accrued Expenses	12,357,460	49,898	826	12,008	21,374	22,464	-	39,863	81,730
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	2,808,747	1,809,028	2,755,472	724,674	32,661	132,064	-	33,223	769,838
Deferred Revenues	151,629	-	-	12,666	-	31,922	-	33,107	-
Security Deposits	1,245,846	-	-	-	-	-	-	-	-
Notes Payable	413,696	-	-	6,428	-	-	-	64,195	3,705
Total Liabilities	<u>18,789,820</u>	<u>1,893,087</u>	<u>2,756,298</u>	<u>771,373</u>	<u>73,000</u>	<u>202,897</u>	<u>-</u>	<u>201,710</u>	<u>890,620</u>
Net Assets (Deficit):									
Unrestricted	14,684,157	(1,618,005)	106,281	(528,750)	642,617	494,208	5,370	868,272	(651,623)
Temporarily Restricted	413,540	10,502	936,626	10,773	-	53,549	-	98,969	69,449
Permanently Restricted	50,000	-	7,090	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>15,147,697</u>	<u>(1,607,503)</u>	<u>1,049,997</u>	<u>(517,977)</u>	<u>642,617</u>	<u>547,757</u>	<u>5,370</u>	<u>967,241</u>	<u>(582,174)</u>
	<u>\$ 33,937,517</u>	<u>\$ 285,584</u>	<u>\$ 3,806,295</u>	<u>\$ 253,396</u>	<u>\$ 715,617</u>	<u>\$ 750,654</u>	<u>\$ 5,370</u>	<u>\$ 1,168,951</u>	<u>\$ 308,446</u>

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AMikids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2014

Schedule I

	AMikids Bennettsville	AMikids Sand Hills	AMikids White Pines	AMikids Donaldsonville	AMikids Crossroads	AMikids Miami Dade	AMikids Emerald Coast	AMikids Pensacola	AMikids Last Chance Ranch
Assets									
Cash and Cash Equivalents	\$ 31,581	\$ 34,865	\$ 53,273	\$ -	\$ 48,215	\$ 127,483	\$ 21,086	\$ 105,707	\$ -
Investments	-	-	-	-	46,164	-	-	-	-
Accounts Receivable:									
Funding Agencies	6,266	6,038	6,582	-	184,295	60,110	-	13,258	-
Other, net	7,719	7,872	9,381	-	9,681	8,879	6,208	7,061	-
Prepaid Expenses and Other Assets	37,842	40,224	32,825	-	43,023	64,253	33,829	64,294	-
Due from Affiliates	107,533	109,906	106,350	-	12,870	179,381	29,538	200,930	-
Assets Held for Sale	-	-	-	-	-	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	39,968	31,203	8,955	-	256,275	280,942	7,629	349,595	4,900
	<u>\$ 230,909</u>	<u>\$ 230,108</u>	<u>\$ 217,366</u>	<u>\$ -</u>	<u>\$ 600,523</u>	<u>\$ 721,048</u>	<u>\$ 98,290</u>	<u>\$ 740,845</u>	<u>\$ 4,900</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	35,371	30,840	26,594	-	29,576	51,078	9,435	56,757	-
Accrued Expenses	40,949	45,744	41,655	-	34,967	74,962	14,197	125,195	-
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	1,004,874	337,276	319,193	-	247,047	101,307	231,152	84,173	-
Deferred Revenues	20,798	1,993	2,039	-	39,034	38,883	-	16,834	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	-	7,895	-	-	1,210	9,604	2,487	100,000	-
Total Liabilities	<u>1,101,992</u>	<u>423,748</u>	<u>389,481</u>	<u>-</u>	<u>351,834</u>	<u>275,834</u>	<u>257,271</u>	<u>382,959</u>	<u>-</u>
Net Assets (Deficit):									
Unrestricted	(871,083)	(196,640)	(172,115)	-	234,604	337,748	(214,133)	331,584	(3,224)
Temporarily Restricted	-	3,000	-	-	14,085	107,466	55,152	26,302	8,124
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(871,083)</u>	<u>(193,640)</u>	<u>(172,115)</u>	<u>-</u>	<u>248,689</u>	<u>445,214</u>	<u>(158,981)</u>	<u>357,886</u>	<u>4,900</u>
	<u>\$ 230,909</u>	<u>\$ 230,108</u>	<u>\$ 217,366</u>	<u>\$ -</u>	<u>\$ 600,523</u>	<u>\$ 721,048</u>	<u>\$ 98,290</u>	<u>\$ 740,845</u>	<u>\$ 4,900</u>

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AMIKids, Inc. and Affiliates
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Schedule I

	AMIKids Greater Ft. Lauderdale	AMIKids Georgia	AMIKids Georgetown	AMIKids Manatee County	AMIKids Sarasota County	AMIKids Infinity Schools, Inc.	AMIKids Georgia Properties	AMIKids Infinity Wake County	AMIKids New Mexico Properties
Assets									
Cash and Cash Equivalents	\$ 33,679	\$ -	\$ 98,678	\$ -	\$ -	\$ -	\$ -	\$ 29,216	\$ -
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	3,021	-	5,747	-	-	-	-	-	-
Other, net	3,864	-	15,474	-	-	-	-	-	-
Prepaid Expenses and Other Assets	48,663	-	26,835	-	-	-	-	18,940	-
Due from Affiliates	54,529	236,813	451,328	-	144,741	-	-	-	756,000
Assets Held for Sale	-	-	-	-	-	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	19,000	-	29,917	-	986	-	2,417,475	272	-
	<u>\$ 162,756</u>	<u>\$ 236,813</u>	<u>\$ 627,979</u>	<u>\$ -</u>	<u>\$ 145,727</u>	<u>\$ -</u>	<u>\$ 2,417,475</u>	<u>\$ 48,428</u>	<u>\$ 756,000</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	28,098	-	36,891	-	-	-	-	3,246	-
Accrued Expenses	35,164	826	48,585	-	70,854	-	181	11,245	181
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	85,332	602	33,049	-	-	-	100,526	27,536	-
Deferred Revenues	7,279	-	1,917	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	10,249	-	18,534	-	-	-	-	-	-
Total Liabilities	<u>166,122</u>	<u>1,428</u>	<u>138,976</u>	<u>-</u>	<u>70,854</u>	<u>-</u>	<u>100,707</u>	<u>42,027</u>	<u>181</u>
Net Assets (Deficit):									
Unrestricted	(9,309)	29,599	257,250	-	74,873	-	2,316,768	(2,099)	755,819
Temporarily Restricted	5,943	205,786	231,753	-	-	-	-	8,500	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(3,366)</u>	<u>235,385</u>	<u>489,003</u>	<u>-</u>	<u>74,873</u>	<u>-</u>	<u>2,316,768</u>	<u>6,401</u>	<u>755,819</u>
	<u>\$ 162,756</u>	<u>\$ 236,813</u>	<u>\$ 627,979</u>	<u>\$ -</u>	<u>\$ 145,727</u>	<u>\$ -</u>	<u>\$ 2,417,475</u>	<u>\$ 48,428</u>	<u>\$ 756,000</u>

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AMIKids, Inc. and Affiliates
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Schedule I

	AMIKids Infinity Marlboro	AMIKids Lafayette	AMIKids North Carolina Family Services	AMIKids Jacksonville	AMIKids Jefferson	AMIKids Middle Georgia	South Carolina Wilderness Institute	AMIKids Pasco	AMIKids Northeast Louisiana
Assets									
Cash and Cash Equivalents	\$ 6,727	\$ 30,086	\$ 28,476	\$ 116,146	\$ -	\$ -	\$ -	\$ 79,568	\$ -
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	-	-	-	18,564	-	-	-	11,729	-
Other, net	534	1,828	-	7,184	-	-	-	3,666	-
Prepaid Expenses and Other Assets	19,503	14,592	64,686	53,421	-	-	-	20,248	-
Due from Affiliates	12,410	-	281,257	59,665	-	-	-	36,150	-
Assets Held for Sale	-	-	-	-	-	-	-	110,000	50,000
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	-	-	22,797	1,044,108	-	-	297,502	1,381	-
	<u>\$ 39,174</u>	<u>\$ 46,506</u>	<u>\$ 397,216</u>	<u>\$ 1,299,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,502</u>	<u>\$ 262,742</u>	<u>\$ 50,000</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	3,575	2,405	25,954	44,679	-	-	-	7,823	-
Accrued Expenses	9,653	4,491	28,840	32,140	-	-	186	11,477	-
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	104,472	14,852	40,046	213,286	-	-	2,246	21,093	23,721
Deferred Revenues	-	-	-	37,029	-	-	-	16,844	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	601,244	-	-	-	-	-
Total Liabilities	<u>117,700</u>	<u>21,748</u>	<u>94,840</u>	<u>928,378</u>	<u>-</u>	<u>-</u>	<u>2,432</u>	<u>57,237</u>	<u>23,721</u>
Net Assets (Deficit):									
Unrestricted	(87,369)	24,758	302,226	240,272	-	-	295,070	132,827	26,279
Temporarily Restricted	8,843	-	150	130,438	-	-	-	72,678	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(78,526)</u>	<u>24,758</u>	<u>302,376</u>	<u>370,710</u>	<u>-</u>	<u>-</u>	<u>295,070</u>	<u>205,505</u>	<u>26,279</u>
	<u>\$ 39,174</u>	<u>\$ 46,506</u>	<u>\$ 397,216</u>	<u>\$ 1,299,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,502</u>	<u>\$ 262,742</u>	<u>\$ 50,000</u>

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AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
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Schedule I

	AMIKids Orlando	AMI SC Statewide	AMIKids Panama City Marine Institute	AMIKids Piedmont	AMIKids Pinellas	AMIKids Peninsula	AMIKids Red River	AMIKids Rio Grande Valley	AMIKids Sandoval
Assets									
Cash and Cash Equivalents	\$ 99,709	\$ -	\$ 125,642	\$ 123,357	\$ 84,068	\$ -	\$ -	\$ 35,083	\$ 41,562
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	16,914	-	9,400	5,071	31,250	-	-	15,438	-
Other, net	5,100	-	7,490	6,630	5,278	-	-	4,466	8,640
Prepaid Expenses and Other Assets	31,946	-	91,081	28,419	30,152	-	2,454	24,006	156,023
Due from Affiliates	41,988	4,810	50,733	99,719	31,543	81,724	-	54,433	191,185
Assets Held for Sale	-	-	140,000	-	-	-	355,090	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	55,514	-	415,770	124,664	90,278	-	-	31,209	228,135
	<u>\$ 251,171</u>	<u>\$ 4,810</u>	<u>\$ 840,116</u>	<u>\$ 387,860</u>	<u>\$ 272,569</u>	<u>\$ 81,724</u>	<u>\$ 357,544</u>	<u>\$ 164,635</u>	<u>\$ 625,545</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	15,887	-	54,509	15,906	19,141	-	-	18,138	30,168
Accrued Expenses	24,314	-	29,952	32,170	20,566	81,724	16,470	30,638	51,909
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	313,972	450	39,706	28,168	24,231	-	615,032	1,487,628	800,619
Deferred Revenues	-	-	13,970	34,122	14,042	-	-	21,487	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	50,135	-	572,466	42,458	-	-	-	-	-
Total Liabilities	<u>404,308</u>	<u>450</u>	<u>710,603</u>	<u>152,824</u>	<u>77,980</u>	<u>81,724</u>	<u>631,502</u>	<u>1,557,891</u>	<u>882,696</u>
Net Assets (Deficit):									
Unrestricted	(240,412)	2,710	99,222	227,447	166,789	-	(279,730)	(1,426,267)	(262,153)
Temporarily Restricted	87,275	1,650	30,291	7,589	27,800	-	5,772	33,011	5,002
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(153,137)</u>	<u>4,360</u>	<u>129,513</u>	<u>235,036</u>	<u>194,589</u>	<u>-</u>	<u>(273,958)</u>	<u>(1,393,256)</u>	<u>(257,151)</u>
	<u>\$ 251,171</u>	<u>\$ 4,810</u>	<u>\$ 840,116</u>	<u>\$ 387,860</u>	<u>\$ 272,569</u>	<u>\$ 81,724</u>	<u>\$ 357,544</u>	<u>\$ 164,635</u>	<u>\$ 625,545</u>

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AMIKids, Inc. and Affiliates
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Schedule I

	AMIKids Savannah River	AMIKids Louisiana Properties	AMIKids Southwest Florida	AMIKids Southwest Louisiana	AMIKids Space Coast	AMIKids Tallahassee	AMIKids Tampa	AMIKids Volusia	AMIKids Virginia Wilderness
Assets									
Cash and Cash Equivalents	\$ 8,593	\$ -	\$ 252,909	\$ -	\$ 340,063	\$ 20,015	\$ 37,585	\$ 16,709	\$ 83,610
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	-	-	11,466	-	13,391	22,500	103,715	5,220	417,307
Other, net	-	-	4,685	-	3,488	5,747	17,995	2,609	10,342
Prepaid Expenses and Other Assets	29,962	4,202	35,499	-	36,120	25,685	30,386	49,226	32,900
Due from Affiliates	-	464,259	56,156	-	124,977	51,113	39,436	50,082	-
Assets Held for Sale	-	350,000	-	-	-	-	-	-	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	106,792	1,530,240	139,589	4,156	697,674	139,566	379,529	2,531	378,131
	<u>\$ 145,347</u>	<u>\$ 2,348,701</u>	<u>\$ 500,304</u>	<u>\$ 4,156</u>	<u>\$ 1,215,713</u>	<u>\$ 264,626</u>	<u>\$ 608,646</u>	<u>\$ 126,377</u>	<u>\$ 922,290</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	2,415	-	29,980	-	58,427	12,905	13,879	47,922	35,949
Accrued Expenses	14,935	181	31,737	-	72,560	25,085	19,382	13,031	68,620
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	570,318	1,085,685	40,518	-	45,831	63,362	398,219	153,225	120,749
Deferred Revenues	-	-	-	-	16,944	47,065	19,285	-	20,405
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	1,178	-	8,969	-	-	-	2,342	-	-
Total Liabilities	<u>588,846</u>	<u>1,085,866</u>	<u>111,204</u>	<u>-</u>	<u>193,762</u>	<u>148,417</u>	<u>453,107</u>	<u>214,178</u>	<u>245,723</u>
Net Assets (Deficit):									
Unrestricted	(521,013)	1,262,835	374,293	4,156	945,273	111,374	85,538	(91,801)	676,567
Temporarily Restricted	77,514	-	14,807	-	76,678	4,835	70,001	4,000	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(443,499)</u>	<u>1,262,835</u>	<u>389,100</u>	<u>4,156</u>	<u>1,021,951</u>	<u>116,209</u>	<u>155,539</u>	<u>(87,801)</u>	<u>676,567</u>
	<u>\$ 145,347</u>	<u>\$ 2,348,701</u>	<u>\$ 500,304</u>	<u>\$ 4,156</u>	<u>\$ 1,215,713</u>	<u>\$ 264,626</u>	<u>\$ 608,646</u>	<u>\$ 126,377</u>	<u>\$ 922,290</u>

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AMIKids, Inc. and Affiliates
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Schedule I

	AMIKids West Florida	AMIKids WINGS South Florida	AMIKids WINGS Texas	AMIKids Y.E.S	Total	Eliminations	Total
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 212,691	\$ 7,859,405	\$ -	\$ 7,859,405
Investments	-	-	-	489,400	8,781,254	-	8,781,254
Accounts Receivable:							
Funding Agencies	-	-	-	17,005	3,408,982	-	3,408,982
Other, net	-	-	-	5,231	386,490	-	386,490
Prepaid Expenses and Other Assets	-	-	125	29,634	2,080,241	(550,000)	1,530,241
Due from Affiliates	-	-	-	276,356	18,187,040	(18,187,040)	-
Assets Held for Sale	-	-	310,000	-	1,684,391	-	1,684,391
Boat Inventory	-	-	-	-	2,923,450	-	2,923,450
Boats under Lease	-	-	-	-	4,502,947	-	4,502,947
Property and Equipment, Net	-	-	-	42,662	11,554,264	-	11,554,264
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,125</u>	<u>\$ 1,072,979</u>	<u>\$ 61,368,464</u>	<u>\$ (18,737,040)</u>	<u>\$ 42,631,424</u>
Liabilities and Net Assets (Deficit)							
Liabilities:							
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	-	\$ 1,000,000
Accounts Payable	-	-	-	38,926	1,750,755	55	1,750,810
Accrued Expenses	-	-	-	123,483	13,873,872	(5,531,370)	8,342,502
Accrued Pension	-	-	-	-	-	2,874,630	2,874,630
Due to Affiliates	-	-	310,000	31,891	18,187,094	(18,187,094)	-
Deferred Revenues	-	-	-	15,750	615,044	-	615,044
Security Deposits	-	-	-	-	1,245,846	-	1,245,846
Notes Payable	-	-	-	11,563	1,928,358	-	1,928,358
Total Liabilities	<u>-</u>	<u>-</u>	<u>310,000</u>	<u>221,613</u>	<u>38,600,969</u>	<u>(20,843,779)</u>	<u>17,757,190</u>
Net Assets (Deficit):							
Unrestricted	-	-	125	780,070	19,721,256	2,395,500	22,116,756
Temporarily Restricted	-	-	-	71,296	2,989,149	(288,761)	2,700,388
Permanently Restricted	-	-	-	-	57,090	-	57,090
Total Net Assets (Deficit)	<u>-</u>	<u>-</u>	<u>125</u>	<u>851,366</u>	<u>22,767,495</u>	<u>2,106,739</u>	<u>24,874,234</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,125</u>	<u>\$ 1,072,979</u>	<u>\$ 61,368,464</u>	<u>\$ (18,737,040)</u>	<u>\$ 42,631,424</u>

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AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2014

Schedule II

	AMIKids	AMIKids Acadiana	AMIKids Foundation	AMIKids Gainesville	AMIKids Family Services	AMIKids Baton Rouge	AMIKids Baxley Wilderness	AMIKids Beaufort	AMIKids Big Cypress
Public Support and revenue:									
State support:									
Florida	\$ 1,674,427	\$ -	\$ -	\$ 373,499	\$ 1,073,105	\$ -	\$ -	\$ -	\$ 1,383,156
South Carolina	1,230,160	-	-	-	-	-	-	1,082,772	-
Louisiana	195,164	1,332,447	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	109,349	-	-	-	-	-	-	-	-
North Carolina	225,000	-	-	-	-	-	-	-	-
Federal Support	509,369	71,807	-	67,162	-	64,135	12,280	86,842	144,723
Regional Funds	-	163,090	-	250,038	-	768,332	-	26,500	220,533
Contributions	1,648,643	76,038	402,009	101,440	216	155,400	-	255,541	150,886
Total Public Support	5,592,112	1,643,382	402,009	792,139	1,073,321	987,867	12,280	1,451,655	1,899,298
Revenue									
Boat Program	7,184,521	-	-	-	-	-	-	-	-
Investment income	465,469	2	33,851	6	10,635	88	-	1,543	8
Other	1,447,816	2,268	-	600	-	7,373	-	159,885	3,090
Total revenue	9,097,806	2,270	33,851	606	10,635	7,461	-	161,428	3,098
Total public support and revenues	14,689,918	1,645,652	435,860	792,745	1,083,956	995,328	12,280	1,613,083	1,902,396
Expenses									
Program Services	2,870,291	1,805,487	-	885,740	954,406	743,153	(502)	1,485,439	2,084,049
Management and general	3,962,203	28,137	-	36,509	18,287	116,149	27,537	26,134	51,840
Fundraising	234,360	-	338,053	-	-	-	-	-	-
Boat Program	5,562,725	-	-	-	-	-	-	-	-
Total expenses	12,629,579	1,833,624	338,053	922,249	972,693	859,302	27,035	1,511,573	2,135,889
Change in net assets	2,060,339	(187,972)	97,807	(129,504)	111,263	136,026	(14,755)	101,510	(233,493)
Net assets, beginning of year (as restated - Note 14)	13,087,359	(1,419,531)	952,190	(388,473)	531,354	411,731	20,125	865,731	(348,681)
Net assets (deficit), end of the year	\$ 15,147,698	\$ (1,607,503)	\$ 1,049,997	\$ (517,977)	\$ 642,617	\$ 547,757	\$ 5,370	\$ 967,241	\$ (582,174)

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AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2014

Schedule II

	AMikids Bennettsville	AMikids Sand Hills	AMikids White Pines	AMikids Donaldsonville	AMikids Crossroads	AMikids Miami Dade	AMikids Emerald Coast	AMikids Pensacola	AMikids Last Chance Ranch
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,294,256	\$ 313,526	\$ 2,309,310	\$ -
South Carolina	1,277,161	1,289,469	1,271,712	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	102,875	97,790	104,210	-	228,923	135,034	31,133	41,920	-
Regional Funds	-	1,154	-	-	999,032	886,490	200,030	178,215	-
Contributions	88,209	158,615	76,172	-	134,020	207,251	83,012	64,066	-
Total Public Support	1,468,245	1,547,028	1,452,094	-	1,361,975	2,523,031	627,701	2,593,511	-
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	-	1	4	-	7,343	41	5	2,414	1
Other	831	-	11,577	-	11,970	52,061	5,229	59	5,144
Total revenue	831	1	11,581	-	19,313	52,102	5,234	2,473	5,145
Total public support and revenues	1,469,076	1,547,029	1,463,675	-	1,381,288	2,575,133	632,935	2,595,984	5,145
Expenses									
Program Services	1,633,803	1,623,173	1,444,044	-	1,362,103	2,376,315	656,232	2,530,797	(880)
Management and general	30,332	24,023	17,456	87	177,199	60,133	35,895	74,747	9,159
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	1,664,135	1,647,196	1,461,500	87	1,539,302	2,436,448	692,127	2,605,544	8,279
Change in net assets	(195,059)	(100,167)	2,175	(87)	(158,014)	138,685	(59,192)	(9,560)	(3,134)
Net assets, beginning of year (as restated - Note 14)	(676,024)	(93,473)	(174,290)	87	406,703	306,529	(99,789)	367,446	8,034
Net assets (deficit), end of the year	\$ (871,083)	\$ (193,640)	\$ (172,115)	\$ -	\$ 248,689	\$ 445,214	\$ (158,981)	\$ 357,886	\$ 4,900

See Independent Auditors' Report on Supplemental Information

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2014

Schedule II

	AMIKids Greater Ft. Lauderdale	AMIKids Georgia	AMIKids Georgetown	AMIKids Manatee County	AMIKids Sarasota County	AMIKids Infinity Schools, Inc.	AMIKids Georgia Properties	AMIKids Infinity Wake County	AMIKids New Mexico Properties
Public Support and revenue:									
State support:									
Florida	\$ 565,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Carolina	-	-	1,147,176	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	66,534	-	87,749	-	-	-	-	-	-
Regional Funds	274,828	-	6,678	-	-	152,108	-	427,860	-
Contributions	60,053	750	105,835	-	-	11,933	-	9,466	-
Total Public Support	967,107	750	1,347,438	-	-	164,041	-	437,326	-
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	176	(6)	57	-	760	2	-	-	20,264
Other	7,878	-	28,436	47,640	-	58,456	-	-	-
Total revenue	8,054	(6)	28,493	47,640	760	58,458	-	-	20,264
Total public support and revenues	975,161	744	1,375,931	47,640	760	222,499	-	437,326	20,264
Expenses									
Program Services	1,149,021	-	1,366,302	11,702	(31,364)	210,234	247,072	368,257	19,839
Management and general	34,137	-	25,141	24,170	19,254	32,419	977	67,006	328
Fundraising	-	1,214	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	1,183,158	1,214	1,391,443	35,872	(12,110)	242,653	248,049	435,263	20,167
Change in net assets	(207,997)	(470)	(15,512)	11,768	12,870	(20,154)	(248,049)	2,063	97
Net assets, beginning of year (as restated - Note 14)	204,631	235,855	504,515	(11,768)	62,003	20,154	2,564,817	4,338	755,722
Net assets (deficit), end of the year	\$ (3,366)	\$ 235,385	\$ 489,003	\$ -	\$ 74,873	\$ -	\$ 2,316,768	\$ 6,401	\$ 755,819

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AMikids, Inc. and Affiliates
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Year Ended June 30, 2014

Schedule II

	AMikids Infinity Marlboro	AMikids Lafayette	AMikids North Carolina Family Services	AMikids Jacksonville	AMikids Jefferson	AMikids Middle Georgia	South Carolina Wilderness Institute	AMikids Pasco	AMikids Northeast Louisiana
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ 502,392	\$ -	\$ -	\$ -	\$ -	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	1,275,000	-	-	-	-	-	-
Federal Support	-	-	-	31,407	153	1,361	-	22,154	-
Regional Funds	400,000	368,004	-	251,537	-	-	-	148,616	-
Contributions	9,178	-	5,640	208,076	550	700	-	386,149	-
Total Public Support	409,178	368,004	1,280,640	993,412	703	2,061	-	556,919	-
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	2	-	-	93	-	-	-	4	-
Other	7,483	1,252	-	11,272	49,756	55,929	-	625	-
Total revenue	7,485	1,252	-	11,365	49,756	55,929	-	629	-
Total public support and revenues	416,663	369,256	1,280,640	1,004,777	50,459	57,990	-	557,548	-
Expenses									
Program Services	402,502	317,196	1,325,234	1,048,574	81,480	(7,852)	-	509,813	(35,010)
Management and general	63,686	53,257	10,304	42,884	10,709	233,199	313	88,105	53,762
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	466,188	370,453	1,335,538	1,091,458	92,189	225,347	313	597,918	18,752
Change in net assets	(49,525)	(1,197)	(54,898)	(86,681)	(41,730)	(167,357)	(313)	(40,370)	(18,752)
Net assets, beginning of year (as restated - Note 14)	(29,001)	25,955	357,274	457,391	41,730	167,357	295,383	245,875	45,031
Net assets (deficit), end of the year	\$ (78,526)	\$ 24,758	\$ 302,376	\$ 370,710	\$ -	\$ -	\$ 295,070	\$ 205,505	\$ 26,279

See Independent Auditors' Report on Supplemental Information

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2014

Schedule II

	AMIKids Orlando	AMI SC Statewide	AMIKids Panama City Marine Institute	AMIKids Piedmont	AMIKids Pinellas	AMIKids Peninsula	AMIKids Red River	AMIKids Rio Grande Valley	AMIKids Sandoval
Public Support and revenue:									
State support:									
Florida	\$ 328,514	\$ -	\$ 551,227	\$ -	\$ 290,439	\$ -	\$ -	\$ -	\$ -
South Carolina	-	-	-	1,147,176	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	619,643	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	31,907	-	79,805	84,713	49,602	-	(8,602)	65,299	2,392,761
Regional Funds	255,300	-	607,819	6,000	375,000	-	(1,217)	210,530	-
Contributions	68,116	4,810	224,909	35,535	79,379	-	710	24,007	16,663
Total Public Support	683,837	4,810	1,463,760	1,273,424	794,420	-	(9,109)	919,479	2,409,424
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	36	-	6	4	1	-	21	2	2
Other	10,747	-	67,226	14,100	37,571	17,050	4	8,640	87
Total revenue	10,783	-	67,232	14,104	37,572	17,050	25	8,642	89
Total public support and revenues	694,620	4,810	1,530,992	1,287,528	831,992	17,050	(9,084)	928,121	2,409,513
Expenses									
Program Services	821,014	-	1,406,959	1,204,090	724,782	-	65,878	926,771	2,371,170
Management and general	36,460	-	40,469	17,435	27,199	16,884	8,907	50,842	37,376
Fundraising	-	450	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	857,474	450	1,447,428	1,221,525	751,981	16,884	74,785	977,613	2,408,546
Change in net assets	(162,854)	4,360	83,564	66,003	80,011	166	(83,869)	(49,492)	967
Net assets, beginning of year (as restated - Note 14)	9,717	-	45,949	169,033	114,578	(166)	(190,089)	(1,343,764)	(258,118)
Net assets (deficit), end of the year	\$ (153,137)	\$ 4,360	\$ 129,513	\$ 235,036	\$ 194,589	\$ -	\$ (273,958)	\$ (1,393,256)	\$ (257,151)

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AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
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Schedule II

	AMIKids Savannah River	AMIKids Louisiana Properties	AMIKids Southwest Florida	AMIKids Southwest Louisiana	AMIKids Space Coast	AMIKids Tallahassee	AMIKids Tampa	AMIKids Volusia	AMIKids Virginia Wilderness
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ 494,354	\$ -	\$ 1,332,140	\$ 502,108	\$ 290,142	\$ 523,543	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	-	-	26,661	11,232	96,734	45,928	45,234	25,088	517,767
Regional Funds	-	-	264,693	-	317,762	204,204	345,160	159,871	1,208,277
Contributions	247,252	91,014	123,821	2,706	64,947	51,322	167,273	27,328	17,982
Total Public Support	247,252	91,014	909,529	13,938	1,811,583	803,562	847,809	735,830	1,744,026
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	-	11,971	21,695	-	88	-	2	-	2
Other	452	226,512	6,470	49,543	72,563	21,050	69,584	252	2,070
Total revenue	452	238,483	28,165	49,543	72,651	21,050	69,586	252	2,072
Total public support and revenues	247,704	329,497	937,694	63,481	1,884,234	824,612	917,395	736,082	1,746,098
Expenses									
Program Services	232,386	175,322	933,706	27,345	2,003,185	828,174	852,565	832,184	1,545,700
Management and general	6,126	55,741	32,534	6,576	41,551	45,112	35,245	32,543	265,256
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	238,512	231,063	966,240	33,921	2,044,736	873,286	887,810	864,727	1,810,956
Change in net assets	9,192	98,434	(28,546)	29,560	(160,502)	(48,674)	29,585	(128,645)	(64,858)
Net assets, beginning of year (as restated - Note 14)	(452,691)	1,164,401	417,646	(25,404)	1,182,453	164,883	125,954	40,844	741,425
Net assets (deficit), end of the year	\$ (443,499)	\$ 1,262,835	\$ 389,100	\$ 4,156	\$ 1,021,951	\$ 116,209	\$ 155,539	\$ (87,801)	\$ 676,567

See Independent Auditors' Report on Supplemental Information

AMIKids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2014

Schedule II

	AMIKids West Florida	AMIKids WINGS South Florida	AMIKids WINGS Texas	AMIKids Y.E.S	Total	Eliminations	Total
Public Support and revenue:							
State support:							
Florida	\$ -	\$ -	\$ -	\$ 1,168,228	\$ 14,970,058	\$ -	\$ 14,970,058
South Carolina	-	-	-	-	8,445,626	-	8,445,626
Louisiana	-	-	-	-	1,527,611	-	1,527,611
Georgia	-	-	-	-	-	-	-
Texas	-	-	-	-	728,992	-	728,992
North Carolina	-	-	-	-	1,500,000	-	1,500,000
Federal Support	14,088	-	-	153,658	5,539,436	-	5,539,436
Regional Funds	9,068	-	-	178,085	9,863,597	-	9,863,597
Contributions	13	4,950	-	57,196	5,709,781	(1,597,980)	4,111,801
Total Public Support	<u>23,169</u>	<u>4,950</u>	<u>-</u>	<u>1,557,167</u>	<u>48,285,101</u>	<u>(1,597,980)</u>	<u>46,687,121</u>
Revenue							
Boat Program	-	-	-	-	7,184,521	-	7,184,521
Investment income	1	-	-	108,358	684,952	(286,314)	398,638
Other	56,598	-	107,107	700	2,744,956	(2,135,885)	609,071
Total revenue	<u>56,599</u>	<u>-</u>	<u>107,107</u>	<u>109,058</u>	<u>10,614,429</u>	<u>(2,422,199)</u>	<u>8,192,230</u>
Total public support and revenues	<u>79,768</u>	<u>4,950</u>	<u>107,107</u>	<u>1,666,225</u>	<u>58,899,530</u>	<u>(4,020,179)</u>	<u>54,879,351</u>
Expenses							
Program Services	109,926	8,247	-	1,502,425	46,008,479	(2,801,646)	43,206,833
Management and general	25,642	26,197	49,696	38,775	6,352,044	(1,352,471)	4,999,573
Fundraising	-	-	-	-	574,077	(291,730)	282,347
Boat Program	-	-	-	-	5,562,725	(83,703)	5,479,022
Total expenses	<u>135,568</u>	<u>34,444</u>	<u>49,696</u>	<u>1,541,200</u>	<u>58,497,325</u>	<u>(4,529,550)</u>	<u>53,967,775</u>
Change in net assets	(55,800)	(29,494)	57,411	125,025	402,205	509,371	911,576
Net assets, beginning of year (as restated - Note 14)	55,800	29,494	(57,286)	726,341	22,365,290	1,597,368	23,962,658
Net assets (deficit), end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 851,366</u>	<u>\$ 22,767,495</u>	<u>\$ 2,106,739</u>	<u>\$ 24,874,234</u>

See Independent Auditors' Report on Supplemental Information

Public Support and Revenue Information

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
Illinois	-	-	-	-	-	-	-	-
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>3,050,974</u>	<u>58,520,596</u>
Less Intercompany Revenue ¹	-	-	-	-	(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>

For the Year Ended June 30, 2013

	<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	\$ 15,258,444	\$ 4,580,449	\$ 2,383,321	\$ 1,175,798	\$ 4,067,292	\$ 4,763,821	\$ 3,500,877	\$ 35,730,002
Georgia	1,298,359	245,699	36,874	-	109,737	-	50,804	1,741,473
Illinois	-	-	(1,994)	-	3,140	-	10,064	11,210
Louisiana	1,569,156	1,725,432	319,030	173,838	865,556	-	363,760	5,016,772
New Mexico	-	-	3,307,957	-	24,799	-	3,273	3,336,029
North Carolina	1,469,399	427,860	-	-	2,735	-	40	1,900,034
South Carolina	8,217,969	400,000	545,859	33,228	532,024	-	200,934	9,930,013
Texas	535,166	-	53,486	227,037	21,268	-	12,625	849,582
Virginia	-	-	564,483	1,433,813	25,669	-	121,187	2,145,152
	<u>28,348,493</u>	<u>7,379,440</u>	<u>7,209,016</u>	<u>3,043,714</u>	<u>5,652,220</u>	<u>4,763,821</u>	<u>4,263,564</u>	<u>60,660,268</u>
Less Intercompany Revenue ²	-	-	-	-	(1,769,305)	-	(2,282,477)	(4,051,782)
Total Public Support & Revenue	<u>\$ 28,348,493</u>	<u>\$ 7,379,440</u>	<u>\$ 7,209,016</u>	<u>\$ 3,043,714</u>	<u>\$ 3,882,915</u>	<u>\$ 4,763,821</u>	<u>\$ 1,981,087</u>	<u>\$ 56,608,486</u>

¹Excludes AMIkids Inc closure gains and affiliate debt forgiveness of \$.3 million, which are eliminated within the Other category²Excludes AMIkids Inc closure gains and affiliate debt forgiveness of \$.9 million and \$8.7 million, respectively, which are eliminated within the Other category

See Independent Auditors' Report on Supplemental Information

**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, 2014

<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)	\$168,806
School Breakfast Program	10.553	N/A (South Carolina)	130,092
School Breakfast Program	10.553	N/A (Virginia)	15,260
School Breakfast Program	10.553	09-SFS-007 (Louisiana)	19,072
School Breakfast Program	10.553	11008 (New Mexico)	15,156
School Breakfast Program	10.553	01198 (Texas)	13,835
			<hr/> 362,221 <hr/>
National School Lunch Program	10.555	01-0233 (Florida)	381,732
National School Lunch Program	10.555	N/A (South Carolina)	262,543
National School Lunch Program	10.555	N/A (Virginia)	15,637
National School Lunch Program	10.555	09-SFS-007 (Louisiana)	36,110
National School Lunch Program	10.555	11008 (New Mexico)	28,635
National School Lunch Program	10.555	01198 (Texas)	27,833
			<hr/> 752,490 <hr/>
Total – U.S. Department of Agriculture			<hr/> 1,114,711 <hr/>
<u>U.S. Department of Education</u> (passed through various county school boards as noted below)			
Title I, Part A	84.010	None (Charlotte County)	11,802
Title I, Part A	84.010	4401 (Okaloosa County)	10,000
Title I, Part D	84.013	None (Bay County)	7,408
Title I, Part D	84.013	None (Broward County)	25,000
Title I, Part D	84.013	None (Volusia County)	5,220
Title I, Part D	84.013	None (Leon County)	7,650
Title I, Part D	84.013	2234A (Alachua County)	11,811
Title I, Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV)	84.048	050-1614A-4CJJ1 (Brevard County)	27,246
Total – U.S. Department of Education			<hr/> 106,137 <hr/>
<u>U.S. Department of Labor</u> (passed through Florida Department of Economic Opportunity, passed through Southwest Florida Workforce Development Board, passed through Henkel and McCoy Southwest Florida Youth Connections)			
WIA Vocational Education	17.259	None	35,000

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, 2014

<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 Justice/Federal Bureau of Prisons</u>			
Non-Secure Residential Male Juvenile Services/Mental Health Services	16.DJB200028	DJB200028	<u>2,745,822</u>
Total Expenditures of Federal Awards			<u>\$4,001,670</u>
<u>State Agency/State Project</u>	<u>CSFA Number</u>	<u>Contract #</u>	
<u>Florida Department of Juvenile Justice:</u>			
Delinquency Non-secure Residential Services	80.016	10079, R2055, R2098, R2119	<u>\$6,422,694</u>
Day Treatment Services	80.021	P2106, P2107, P2118, P2119, P2121, X1701, X1705	<u>8,547,364</u>
Total Florida Department of Juvenile Justice			<u>14,970,058</u>
<u>Florida Department of Highway Safety and Motor Vehicles:</u>			
Horse Country Specialty License Plate Program	76.104	None	<u>94,584</u>
<u>Florida Department of Children and Families</u> (passed through Children's Network of Southwest Florida and Various Community Based Care Organizations)			
Residential Group Care Program Services	60.094	DAJ07, 0260	<u>900,173</u>
<u>Florida Atlantic University</u>			
Experiential Education Curriculum – FAU/AMIkids	None	None	<u>1,410,000</u>
Total Expenditures of State Financial Assistance – Florida			<u>\$17,374,815</u>
<u>Texas Juvenile Justice Department:</u>			
Residential Services (passed through various county Juvenile Probation Departments)	None	None	<u>\$210,530</u>
Residential Services	None	RS05453	<u>728,992</u>
Total Expenditures of State Financial Assistance – Texas			<u>\$939,522</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, 2014. 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.



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
AMikids, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AMikids, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of June 30, 2014, 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, 2014.

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 consolidated 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.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 17, 2014



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, 2014. 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, 2014.

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.

Armas, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 17, 2014

AMikids, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Year ended June 30, 2014

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
10.553 and 10.555

Name of Federal Program
National School Breakfast and Lunch Programs
(Child Nutrition Cluster)

State of Florida CSFA Number
80.021
60.094

Name of State Project
Day Treatment Services
Residential Group Care Program Services

State of Texas Grant Number
RS05453

Name of State Project
Residential Services

AMikids, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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

Major federal programs	\$300,000
Major state projects – Florida	\$516,120
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.