AMIkids Miami-Dade, Inc.

FINANCIAL STATEMENTS

June 30, 2016
(With comparative financial information for 2015)

AMIkids Miami-Dade, Inc.
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(With comparative information for 2015)

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REPORT

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
AMIkids Miami-Dade, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of AMIkids Miami-Dade, Inc. (the "Institute"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

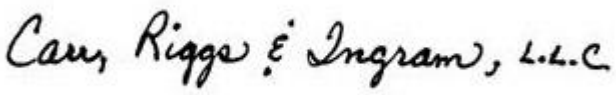
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMIkids Miami-Dade, Inc. as of June 30, 2016, and the changes in its net assets and its functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016 on our consideration of AMIkids Miami-Dade, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AMIkids Miami-Dade, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements of AMIkids Miami-Dade, Inc. as of June 30, 2015, were audited by other auditors whose report dated September 17, 2015, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



CARR, RIGGS & INGRAM

Clearwater, Florida
September 20, 2016

FINANCIAL STATEMENTS

AMIkids Miami-Dade, Inc.
Statement of Financial Position
June 30, 2016
With comparative financial information for 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 284,629	$ 201,841
Accounts receivable		
Funding agencies	75,271	101,112
Other	24,652	17,053
Due from AMIkids and affiliated institutes	200,372	172,791
Prepaid expenses and other	68,329	62,546
Property and equipment, net	212,280	239,918
Total assets	$ 865,533	$ 795,261
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 53,731	$ 60,007
Accrued expenses	79,637	74,631
Due to AMIkids and affiliated institutes	41,474	62,252
Deferred revenues	5,000	17,388
Notes payable	4,057	6,986
Total liabilities	183,899	221,264
Net Assets:		
Unrestricted	555,956	536,708
Temporarily restricted	125,678	37,289
Total net assets	681,634	573,997
Total liabilities and net assets	$ 865,533	$ 795,261

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

AMIkids Miami-Dade, Inc.
Statement of Activities
June 30, 2016
With comparative financial information for 2015

	Unrestricted	Temporarily Restricted	Totals 2016	Totals 2015
Public support and revenue:				
Public support:				
State grants	$ 1,450,981	$ -	$ 1,450,981	$ 1,447,157
Federal support	400,575	-	400,575	260,655
Regional revenue	754,074	-	754,074	794,277
Contributions	71,572	194,394	265,966	193,538
Total public support	2,677,202	194,394	2,871,596	2,695,627
Revenue				
Interest income	3	30	33	3
Other	19,516	-	19,516	48,908
Total revenue	19,519	30	19,549	48,911
Net assets released from restrictions	106,035	(106,035)	-	-
Total public support and revenue	2,802,756	88,389	2,891,145	2,744,538
Expenses:				
Program services	2,724,693	-	2,724,693	2,561,754
Management and general	58,815	-	58,815	54,001
Total expenses	2,783,508	-	2,783,508	2,615,755
Change in net assets	19,248	88,389	107,637	128,783
Net assets, beginning of year	536,708	37,289	573,997	445,214
Net assets, end of year	$ 555,956	$ 125,678	$ 681,634	$ 573,997

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

AMIkids Miami-Dade, Inc.
Statement of Functional Expenses
June 30, 2016
With comparative financial information for 2015

	Program Services	Management and General	Totals 2016	Totals 2015
Salaries	$ 1,521,166	$ -	$ 1,521,166	$ 1,395,659
Employee benefits and payroll taxes	326,451	-	326,451	306,005
Travel	33,176	-	33,176	25,368
Conferences and training	46,113	-	46,113	36,518
Office and other supplies	170	10,666	10,836	8,795
Rent and utilities	70,549	203	70,752	78,899
Insurance	105,289	-	105,289	117,536
Telephone	33,664	-	33,664	23,446
Professional fees	15,625	10,154	25,779	23,371
Postage	-	5,368	5,368	2,929
Student supplies and training	278,690	-	278,690	303,949
Community development	14,688	1,303	15,991	13,797
Equipment and maintenance	105,087	14,477	119,564	87,325
Interest	362	-	362	1,577
Depreciation	92,317	-	92,317	89,847
Management fee and other expenses	81,346	16,644	97,990	100,734
Total expense	$ 2,724,693	$ 58,815	$ 2,783,508	$ 2,615,755

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

AMIkids Miami-Dade, Inc.
Statement of Cash Flows
June 30, 2016
With comparative financial information for 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ 107,637	$ 128,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	92,317	89,847
(Gain) loss on disposal of property and equipment	634	-
(Increase) decrease in:		
Accounts receivable	18,242	(49,176)
Prepaid expenses and other	(5,783)	1,707
Due from AMIkids and affiliated institutes	(27,581)	6,590
Increase (decrease) in:		
Accounts payable	(6,276)	8,929
Accrued expenses	5,006	(331)
Deferred revenues	(12,388)	(21,495)
Due to AMIkids and affiliated institutes	(20,778)	2,445
Net cash provided by operating activities	151,030	167,299
Cash flows from investing activities:		
Purchases of property and equipment	(65,313)	(48,823)
Net cash used in investing activities	(65,313)	(48,823)
Cash flows from financing activities:		
Payments on affiliate notes payable	-	(41,500)
Payments on third party notes payable	(2,929)	(2,618)
Net cash used in financing activities	(2,929)	(44,118)
Net increase (decrease) in cash and cash equivalents	82,788	74,358
Cash and cash equivalents at beginning of year	201,841	127,483
Cash and cash equivalents at end of year	$ 284,629	$ 201,841
Cash paid for interest	$ 362	$ 1,577

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization

AMIkids Miami-Dade, Inc. (the "Institute"), a non-profit corporation, is engaged in the rehabilitation of delinquent youth by providing education, treatment and behavior modification as components of the AMIkids Personal Growth Model©. These services are performed by the Institute, which is one of over forty affiliated, but independently governed member programs and schools located in Florida, Georgia, Louisiana, Missouri, New Mexico, North Carolina, South Carolina, Texas and Virginia. The Institute's educational component is accredited by AdvancED®, a global accrediting agency dedicated to advancing excellence in schools, universities, and educational agencies. AMIkids, Inc. ("AMIkids") is the sole member of the Institute. AMIkids is located in Florida and executes the contracts, collects funds, coordinates the operations and manages the record keeping of these member Programs and schools through a subcontract agreement between AMIkids and the Institute. The Institute's operating funds are primarily generated from state contracts, local funds and contributions. Continued operation of the Institute's rehabilitation program is dependent on funding continued funding from AMIkids's federal and state contracts and local agencies as well as financial and other support from AMIkids.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

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

Accounts Receivable

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

Property and Equipment

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

Permanent site improvements	5 years
Buildings and improvements	5-20 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	3 years
Boats, motors and trailers	3 years

Impairment of Long-Lived Assets

The Institute 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Facilities

Facilities provided by a funding agency to the Institute are for use during the term of its contract and 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. The amounts recorded in each period of use by the Institute 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 was $34,200 for both years ended June 30, 2016 and 2015 and are reflected as contribution revenue and rent and utilities expense, respectively, in the accompanying financial statements.

Public Support and Revenue

Public support is primarily from AMIkids's contracts with various state agencies. Contracts with state agencies generally provide funding based on client service days. Other public support represents amounts received from federal and local sources, including county school boards and contributions.

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

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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, 2016 and 2015, donated services were not material to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

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

Income Taxes

AMIkids Miami-Dade, Inc. is exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

The Institute 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 Institute has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Institute would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Institute'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 2015

The financial information for the year ended June 30, 2015 is presented for comparative purposes and is not intended to be a complete presentation. Certain amounts for fiscal 2015 have been reclassified to conform to their presentation in the 2016 financial statements with no impact on total net assets or changes in net assets.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015 consists of:

	2016	2015
Land and permanent site improvements	$ 15,879	$ 15,879
Buildings and improvements	2,006,031	1,955,006
Furniture, fixtures and equipment	235,177	234,403
Motor vehicles	88,172	45,689
Boats, motors and trailers	102,880	102,880
Construction in progress	-	33,403
	2,448,139	2,387,260
Less accumulated depreciation	(2,235,859)	(2,147,342)
Property and equipment, net	$ 212,280	$ 239,918

NOTE 3: NOTES PAYABLE

Notes payable at June 30, 2016 and 2015 consists of:

	2016	2015
Note payable in monthly installments of $137, Including interest at 4.8%, due October 2017; capitalized lease obligation related to equipment	$ 2,029	$ 3,493
Note payable in monthly installments of $137, including interest at 4.8%, due October 2017 capitalized lease obligation related to equipment	2,028	3,493
	$ 4,057	$ 6,986

Annual maturities of notes payable are as follows:

Year ended June 30,	
2017	$ 3,081
2018	976
	$ 4,057

NOTE 4: RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30 are available for the following purposes:

	2016	2015
Education/scholarship	$ 18,954	$ 19,808
Building/equipment	4,870	12,476
Experiential activities	22,795	143
Special projects	79,059	4,862
	$ 125,678	$ 37,289

Net assets were released from donor restrictions during 2016 and 2015 by occurrence of events specified by donors as follows:

	2016	2015
Education/scholarship	$ 23,082	$ 21,463
Building/equipment/motor vehicles	50,743	15,024
Experiential activities	26,407	39,445
Special projects	5,803	44,120
	$ 106,035	$ 120,052

NOTE 5: RELATED PARTY TRANSACTIONS

As stated in Note 1, AMIkids executes the contracts, collects funds, coordinates the operations and manages the record keeping of the Institute and remits these funds to the institute on a monthly basis in accordance with the subcontract agreement. For providing these and other services, AMIkids was paid $96,993and $100,434 in fiscal 2016 and 2015, respectively, which was recorded as management fee and other expense included in program services and management and general in the accompanying statement of functional expenses. In addition, AMIkids retained $161,220 and $160,796 from state contracts in fiscal 2016 and 2015, respectively, which are not included in the accompanying financial statements. Amounts to be retained are determined by AMIkids management.

Due from AMIkids and affiliated Institutes at June 30, 2016 and 2015 consists of:

	2016	2015
Affiliate trade receivables	$ 200,372	$ 172,791

NOTE 5: RELATED PARTY TRANSACTIONS (Continued)

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

Due to AMIkids and affiliated Institutes at June 30, 2016 and 2015 consists of:

	2016	2015
Affiliate trade payables	$ 41,474	$ 62,252

NOTE 6: PENSION PLAN

AMIkids maintains a noncontributory defined contribution money purchase pension plan covering all full-time employees who have completed two years of service and have attained the age of 20 ½ years. Contributions to the Plan are based on a percentage of each employee's compensation for the year. The pension expense for the years ended June 30, 2016 and 2015 totaled $64,817 and $50,639 respectively.

NOTE 7: CONTINGENCIES

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

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

NOTE 8: SUBSEQUENT EVENTS

The Institute has evaluated events and transactions occurring subsequent to June 30, 2016 as of September 20, 2016 which is the date the financial statements were issued. Subsequent events occurring after September 20, 2016 have not been evaluated by management. No material events have occurred since June 30, 2016 that requires recognition or disclosure in the financial statements.

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

The Board of Trustees
AMIkids Miami-Dade, 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 Miami-Dade, Inc. (the "Institute"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

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

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

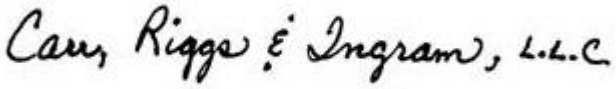
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

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

Purpose of this Report

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



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
September 20, 2016