

AMIkids Miami-Dade, Inc.

**(formerly known as Dade Marine
Institute, Inc.)**

Financial Statements

June 30, 2009

**(With comparative financial
information for 2008)**

AMikids Miami-Dade, Inc.
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June 30, 2009
(With comparative financial information for 2008)

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Independent Auditors' Report

The Board of Trustees
AMikids Miami-Dade, Inc.

We have audited the accompanying statement of financial position of AMikids Miami-Dade, Inc. (formerly known as Dade Marine Institute, Inc.) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of AMikids Miami-Dade, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The summarized comparative financial information for 2008 has been derived from the financial statements of AMikids Miami-Dade, Inc. as of and for the year ended June 30, 2008, and, in our report dated August 29, 2008 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of AMikids Miami-Dade, Inc. as of June 30, 2009, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2009 on our consideration of AMikids Miami-Dade, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Certified Public Accountants

August 31, 2009

AMikids Miami-Dade, Inc.
Statement of Financial Position
June 30, 2009
(With comparative financial information for 2008)

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 112,623	\$ 63,962
Accounts receivable		
Funding agencies	-	62,086
Other	54,619	350
Prepaid expenses and other	42,539	43,618
Due from AMI and affiliated institutes	131,639	246,886
Property and equipment, net	661,053	808,187
Total assets	<u>\$ 1,002,473</u>	<u>\$ 1,225,089</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 13,433	\$ 6,102
Accrued expenses	77,531	71,418
Due to AMI and affiliated institutes	30,852	24,359
Deferred revenues	35,847	64,524
Long-term debt	1,855	12,532
Total liabilities	<u>159,518</u>	<u>178,935</u>
Net assets:		
Unrestricted	766,015	995,735
Temporarily restricted	76,940	50,419
Total net assets	<u>842,955</u>	<u>1,046,154</u>
Total liabilities and net assets	<u>\$ 1,002,473</u>	<u>\$ 1,225,089</u>

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

AMikids Miami-Dade, Inc.
Statement of Activities
Year Ended June 30, 2009
(With summarized financial information for 2008)

	Unrestricted	Temporarily Restricted	Totals	
			2009	2008
Public support and revenue:				
Public support:				
State grants	\$ 1,073,104	\$ -	\$ 1,073,104	\$ 1,072,436
Regional revenue	1,137,101	-	1,137,101	1,098,642
Contributions	73,807	134,240	208,047	157,042
Total public support	<u>2,284,012</u>	<u>134,240</u>	<u>2,418,252</u>	<u>2,328,120</u>
Revenue:				
Interest income	239	526	765	9,187
Other	12,056	-	12,056	29
Total revenue	<u>12,295</u>	<u>526</u>	<u>12,821</u>	<u>9,216</u>
Net assets released from restrictions	<u>108,245</u>	<u>(108,245)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,404,552</u>	<u>26,521</u>	<u>2,431,073</u>	<u>2,337,336</u>
Expenses:				
Marine program	2,573,220	-	2,573,220	2,645,303
Management and general	61,052	-	61,052	69,235
Total expenses	<u>2,634,272</u>	<u>-</u>	<u>2,634,272</u>	<u>2,714,538</u>
Change in net assets	<u>(229,720)</u>	<u>26,521</u>	<u>(203,199)</u>	<u>(377,202)</u>
Net assets, beginning of year	995,735	50,419	1,046,154	1,423,356
Net assets, end of year	<u>\$ 766,015</u>	<u>\$ 76,940</u>	<u>\$ 842,955</u>	<u>\$ 1,046,154</u>

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

AMikids Miami-Dade, Inc.
Statement of Functional Expenses
Year Ended June 30, 2009
(With summarized financial information for 2008)

	Marine Program	Management and General	Totals	
			2009	2008
Salaries	\$ 1,524,275	\$ -	\$ 1,524,275	\$ 1,554,973
Employee benefits and payroll taxes	368,179	-	368,179	353,769
Travel	19,752	-	19,752	18,779
Conferences and training	36,069	-	36,069	59,602
Books and publications	659	-	659	1,530
Rent and utilities	81,539	935	82,474	86,274
Insurance	73,487	-	73,487	72,391
Telephone	21,503	-	21,503	24,680
Professional fees	1,050	6,073	7,123	9,080
Postage	-	2,689	2,689	3,346
Student supplies and training	210,709	11,954	222,663	208,975
Community development	2,347	-	2,347	2,751
Equipment and maintenance	77,569	21,861	99,430	90,653
Interest	754	-	754	1,403
Depreciation	155,328	-	155,328	153,652
Other	-	17,540	17,540	72,680
Total expenses	<u>\$ 2,573,220</u>	<u>\$ 61,052</u>	<u>\$ 2,634,272</u>	<u>\$ 2,714,538</u>

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

AMikids Miami-Dade, Inc.
Statement of Cash Flows
Year Ended June 30, 2009
(With comparative financial information for 2008)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (203,199)	\$ (377,202)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	155,328	153,652
Gain on disposal of property and equipment	-	(100)
(Increase) decrease in:		
Accounts receivable	7,817	(62,366)
Prepaid expenses and other	1,079	(4,741)
Due from AMI and affiliated institutes	115,247	254,049
Increase (decrease) in:		
Accounts payable	7,331	(685)
Accrued expenses	6,113	17,368
Deferred revenues	(28,677)	64,524
Due to AMI and affiliated institutes	6,493	(14,707)
Net cash provided by operating activities	<u>67,532</u>	<u>29,792</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	100
Purchases of property and equipment	(8,194)	(128,311)
Net cash used in investing activities	<u>(8,194)</u>	<u>(128,211)</u>
Cash flows from financing activities:		
Proceeds from new borrowings from affiliates	71,500	-
Payments on affiliate notes payable	(71,500)	-
Payments on long-term debt	(10,677)	(9,877)
Net increase (decrease) in cash and cash equivalents	48,661	(108,296)
Cash and cash equivalents at beginning of year	63,962	172,258
Cash and cash equivalents at end of year	<u>\$ 112,623</u>	<u>\$ 63,962</u>
Cash paid for interest	<u>\$ 754</u>	<u>\$ 1,403</u>

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

AMikids Miami-Dade, Inc.
Notes to Financial Statements
June 30, 2009
(With comparative financial information for 2008)

1. Summary of Significant Accounting Policies

Organization

AMikids Miami-Dade, Inc. (formerly known as Dade Marine Institute, Inc.) (the “Program”), a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Program is engaged in the rehabilitation of delinquent youth by providing education, training, discipline and productive work in a marine environment. These services are performed by the Program, which is one of over fifty-five affiliated, but independently governed member programs and schools located in Florida, South Carolina, Louisiana, Virginia, Georgia, Texas, Pennsylvania, and Illinois. Associated Marine Institutes, Inc. (“AMI”) is the sole member of the Program. AMI is located in Florida and executes the contracts, collects funds, coordinates the operations and manages the record keeping of these member Programs and schools. The Program’s operating funds are primarily generated from state contracts, local funds and contributions. Continued operation of the Program’s rehabilitation program is dependent on funding continued funding from AMI’s state contracts and local agencies as well as financial and other support from AMI.

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 Program. Temporarily restricted net assets represent those amounts, which are not available until future periods or are donor restricted for specific purposes.

Cash and Cash Equivalents

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

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

Accounts Receivable

Accounts receivable consists primarily of receivables from state agencies and county school boards. The Program 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.

AMIkids Miami-Dade, Inc.
Notes to Financial Statements
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Property and Equipment

Property and equipment are stated at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Property and equipment transferred to the Program by a state-funding agency are stated at estimated fair value at date of transfer. Property transferred or acquired with grant funds may revert to the state should the Program no longer provide the rehabilitation services required by the state 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:

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 Program 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.

Use of Facilities

Facilities provided by a funding agency to the Program 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 Program. The amounts recorded in each period of use by the Program 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, 2009 and 2008 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 AMI'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 other contributions.

A significant portion of AMI's and the Program'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 not subject to the provisions of Statement of Financial Accounting Standards No. 116 and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose.

AMikids Miami-Dade, Inc.
Notes to Financial Statements
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Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Program 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, 2009 and 2008, donated services recorded in the financial statements were not material to the financial statements.

Fair Value of Financial Instruments

Effective July 1, 2008, the Program adopted Statement of Financial Accounting Standards (SFAS) No. 157 "Fair Value Measurements" (SFAS 157) which defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements. The impact of adopting SFAS 157 as of July 1, 2008 was not significant to the Program's financial statements. SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Valuation based on 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.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2009. The respective carrying value of certain on-balance-sheet financial instruments approximate their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts receivable, accounts payable, and accrued expenses. The fair value of the long-term debt is estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

The Program's Level 1 financial assets consist of cash equivalents of \$4,065 as of June 30, 2009. The Program has no Level 2 or Level 3 instruments.

AMikids Miami-Dade, Inc.
Notes to Financial Statements
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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.

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." FSP FIN 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48 (Interpretation 48), "Accounting for Uncertainty in Income Taxes," to its annual financial statements for fiscal years beginning after December 15, 2008. The Program has elected to defer the application of Interpretation 48 for the year ending June 30, 2009. The Program is currently evaluating the impact of adopting FIN 48 and has not yet determined its impact to the Program's financial statements.

Summarized Financial Information for 2008

The financial information for the year ended June 30, 2008 is presented for comparative purposes and is not intended to be a complete presentation.

2. Property and Equipment

Property and equipment at June 30, 2009 and 2008 consists of:

	<u>2009</u>	<u>2008</u>
Land and permanent site improvements	\$ 27,650	\$ 27,650
Buildings and improvements	1,934,429	1,934,429
Furniture, fixtures and equipment (including capitalized lease obligations of \$24,850)	238,761	230,567
Motor vehicles	44,189	44,189
Boats, motors and trailers	125,787	125,787
	<u>2,370,816</u>	<u>2,362,622</u>
Less accumulated depreciation	(1,709,763)	(1,554,435)
	<u>\$ 661,053</u>	<u>\$ 808,187</u>

AMIkids Miami-Dade, Inc.
Notes to Financial Statements
June 30, 2009
(With comparative financial information for 2008)

3. Long Term Debt

Long-term debt at June 30, 2009 and 2008 consists of:

	<u>2009</u>	<u>2008</u>
Note payable in monthly installments of \$940 including interest at 7.82%, due July 2009, capitalized lease obligation related to equipment	\$ 1,855	\$ 12,532

Annual maturities of debt are as follows:

Year ended June 30,

2010	<u>\$ 1,855</u>
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4. Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
Education/scholarship	\$ 18,174	\$ 24,104
Experiential activities	58,766	26,315
	<u>\$ 76,940</u>	<u>\$ 50,419</u>

Net assets were released from donor restrictions during 2009 and 2008 by occurrence of events specified by donors as follows:

	<u>2009</u>	<u>2008</u>
Education/scholarship	\$ 6,456	\$ 1,186
Building/ equipment	4,780	173
Mental health services	50,000	60,000
Experiential activities	47,009	19,908
	<u>\$ 108,245</u>	<u>\$ 81,267</u>

5. Related Party Transactions

As stated in Note 1, AMI executes the contracts, collects funds, coordinates the operations and manages the record keeping of the Program. For providing these and other services, AMI retained \$189,371 and \$189,254 from state contracts in fiscal 2009 and 2008, respectively, which are not included in the accompanying financial statements. Amounts to be retained are determined by AMI management.

AMIkids Miami-Dade, Inc.
Notes to Financial Statements
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(With comparative financial information for 2008)

The Program periodically enters into transactions with AMI and affiliated Programs for intercompany billings of common costs and services received or rendered. The Program may also enter into other financing transactions with AMI. These amounts are non-interest bearing and have no maturity date or collateral.

Due from AMI and affiliated programs at June 30, 2009 and 2008 consists of:

	<u>2009</u>	<u>2008</u>
Affiliate trade receivables	\$ 131,639	\$ 246,886

Due to AMI and affiliated programs at June 30, 2009 and 2008 consists of:

	<u>2009</u>	<u>2008</u>
Affiliate trade payables	\$ 30,852	\$ 24,359

6. Pension Plan

AMI 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, 2009 and 2008 totaled \$55,000 and \$43,734 respectively.

7. Contingencies

A substantial portion of AMI and the Program's public support is derived from programs supported by various funding agencies. Under the terms of the agreements with these funding agencies, AMI and the Program'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 AMI and the Program'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 Program is subject to various claims and legal proceedings, which arise in the ordinary course of business. The Program does not believe that these matters will have a material adverse effect on its financial position or operating activities.

8. Regional Revenues

Included in Regional revenues are revenues from the Miami-Dade County School system related to services provided by the Program.

Total received for the year ended June 30, 2009	\$743,445
Total expended through the year June 30, 2009	\$743,445

AMikids Miami-Dade, Inc.
Notes to Financial Statements
June 30, 2009
(With comparative financial information for 2008)

9. Subsequent events

The Program has evaluated events and transactions occurring subsequent to June 30, 2009 as of August 31, 2009 which is the date the financial statements were issued. Subsequent events occurring after August 31, 2009 have not been evaluated by management. No material events have occurred since June 30, 2009 that require recognition or disclosure in the financial statements.



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 Directors
AMikids Miami-Dade, Inc.

We have audited the financial statements of AMikids Miami-Dade, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated August 31, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered AMikids Miami-Dade, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AMikids Miami-Dade, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of AMikids Miami-Dade, Inc.'s internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether AMikids Miami-Dade, Inc.'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*.

This report is intended solely for the information and use of the audit committee, management, others within the organization and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Cross Fernandez & Riley LLP

Certified Public Accountants

August 31, 2009