AMIkids Miami-Dade, Inc.

FINANCIAL STATEMENTS

June 30, 2018 (With comparative financial information for 2017)



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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, 2018, 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, 2018, 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 17, 2018 on our consideration of AMIkids Miami-Dade, Inc.'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 AMIkids Miami-Dade, Inc.'s internal control over financial reporting and compliance.

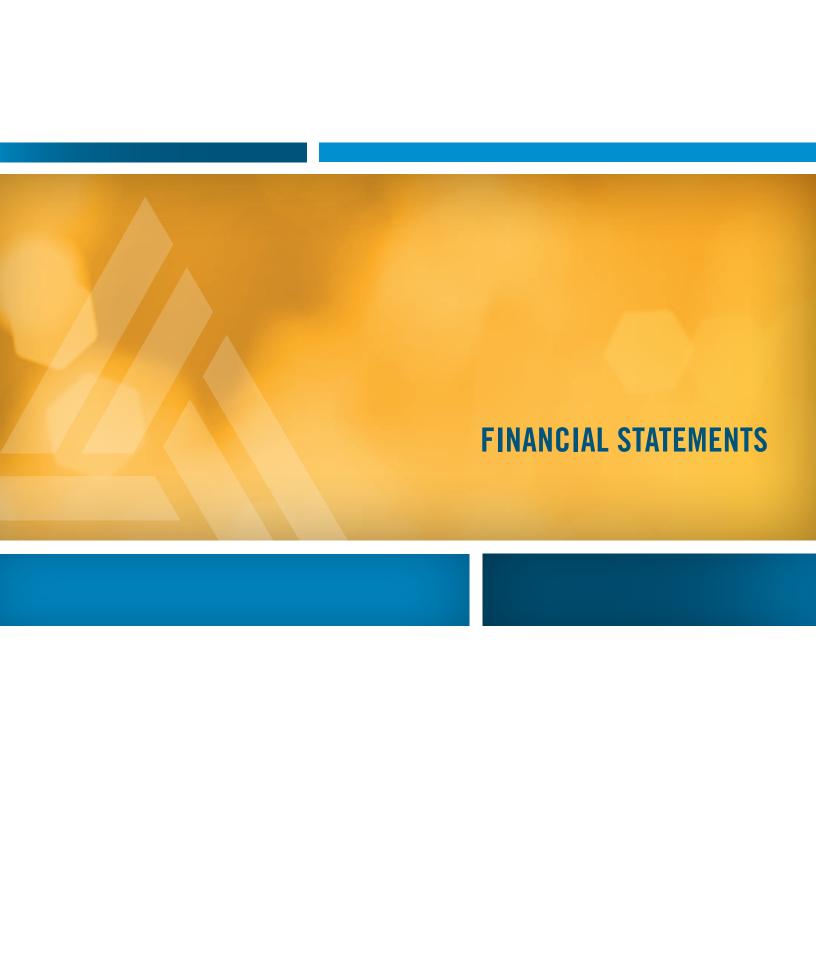
Report on Summarized Comparative Information

Can, Rigge & Ingram, L.L.C.

We have previously audited the AMIkids Miami-Dade, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CARR, RIGGS & INGRAM

Clearwater, Florida September 17, 2018



AMIkids Miami-Dade, Inc. Statement of Financial Position June 30, 2018 With comparative financial information for 2017

	2018			2017		
Assets						
Cash and cash equivalents	\$	553,490	\$	459,462		
Accounts receivable						
Funding agencies		97,510		79,541		
Other		7,050		19,747		
Due from AMIkids and affiliated institutes		202,001		185,410		
Prepaid expenses and other		79,421		73,771		
Property and equipment, net		92,490		131,917		
Total assets	\$	1,031,962	\$	949,848		
Liabilities and Net Assets Liabilities:						
Accounts payable	\$	49,275	\$	63,537		
Accrued expenses		70,829		89,125		
Due to AMIkids and affiliated institutes		57,667		54,372		
Capital lease obligations		8,907		946		
Total liabilities		186,678		207,980		
Net Assets:						
Unrestricted		714,402		585,425		
Temporarily restricted		130,882		156,443		
Total net assets	-	845,284		741,868		
Total liabilities and net assets	\$	1,031,962	\$	949,848		

AMIkids Miami-Dade, Inc. Statement of Activities June 30, 2018 With comparative financial information for 2017

			Te	mporarily	 To	tals	
	U	nrestricted		estricted	 2018		2017
Public support and revenue:		- III COLITOCCU		Cottroccu	2010		2017
Public support:							
State grants	\$	1,916,078	\$	-	\$ 1,916,078	\$	1,478,689
Federal support		364,107		-	364,107		474,526
Regional revenue		674,940		-	674,940		662,269
Contributions		136,184		85,444	221,628		219,765
Total public support		3,091,309		85,444	3,176,753		2,835,249
Revenue							
Interest income		1		202	203		78
Other		70,220		-	70,220		35,437
Total revenue		70,221		202	70,423		35,515
Net assets released from restrictions		111,207		(111,207)	-		-
Total public support and revenue		3,272,737		(25,561)	3,247,176		2,870,764
Expenses:							
Program services		3,084,212		-	3,084,212		2,762,153
Management and general		59,548		-	59,548		48,377
Total expenses		3,143,760		-	3,143,760		2,810,530
Change in net assets		128,977		(25,561)	103,416		60,234
Net assets, beginning of year		585,425		156,443	741,868		681,634
Net assets, end of year	\$	714,402	\$	130,882	\$ 845,284	\$	741,868

AMIkids Miami-Dade, Inc. Statement of Functional Expenses June 30, 2018 With comparative financial information for 2017

		N	/lanagement			
	Program		and	To	tals	
	Services		General	2018		2017
Salaries	\$ 1,790,493	\$	-	\$ 1,790,493	\$	1,570,729
Employee benefits and payroll taxes	434,011		-	434,011		373,555
Travel	34,833		-	34,833		30,516
Conferences and training	58,848		-	58,848		45,361
Office and other supplies	3,726		8,094	11,820		7,764
Rent and utilities	70,307		1,240	71,547		74,876
Insurance	116,039		=	116,039		104,283
Telephone	40,084		-	40,084		36,908
Professional fees	10,410		14,877	25,287		23,179
Postage	52		2,974	3,026		1,821
Student supplies and training	268,122		=	268,122		257,701
Community development	8,664		1,113	9,777		10,259
Equipment and maintenance	70,128		9,646	79,774		85,455
Interest	445		-	445		181
Depreciation	90,336		-	90,336		89,233
Management fee and other expenses	87,714		21,604	109,318		98,709
Total expense	\$ 3,084,212	\$	59,548	\$ 3,143,760	\$	2,810,530

AMIkids Miami-Dade, Inc. Statement of Cash Flows June 30, 2018 With comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 103,416	\$ 60,234
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Depreciation	90,336	89,233
(Gain) loss on disposal of property and equipment	-	(1,167)
(Increase) decrease in:		
Accounts receivable	(5,272)	635
Prepaid expenses and other	(5,650)	(5,442)
Due from AMIkids and affiliated institutes	(16,591)	14,962
Increase (decrease) in:		
Accounts payable	(14,262)	9,806
Accrued expenses	(18,296)	9,488
Deferred revenues	-	(5,000)
Due to AMIkids and affiliated institutes	3,295	12,898
Net cash and cash equivalents provided by operating activities	136,976	185,647
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	1,300
Purchases of property and equipment	(40,424)	(9,003)
Net cash and cash equivalents used in investing activities	(40,424)	(7,703)
Cash flows from financing activities:		
Payments on capital leases	(2,524)	(3,111)
Net cash and cash equivalents used in financing activities	(2,524)	(3,111)
Net increase in cash and cash equivalents	94,028	174,833
Cash and cash equivalents at beginning of year	459,462	284,629
Cash and cash equivalents at end of year	\$ 553,490	\$ 459,462
Cash paid for interest	\$ 445	\$ 181
Supplemental disclosure of noncash investing and operating activities:		
Financed or other noncash acquisitions of property and equipment	\$ 10,485	\$

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 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 reviews outstanding receivables for collectability based on historical payment history from the payer and any known circumstances casting doubt over the collectability of accounts and reserves for amounts considered to be uncollectible. 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 against the allowance for doubtful accounts 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2018 and 2017 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue (Continued)

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, 2018 and 2017, donated services were not material to the financial statements.

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.

Management has evaluated the Institute's tax positions and concluded that the Institute has taken no uncertain tax positions that require adjustment or disclosure to the financial statements to comply with the provision of the accounting guidance for income taxes. The Institute is subject to audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Summarized Financial Information for 2017

The financial information for the year ended June 30, 2017 is presented for comparative purposes and is not intended to be a complete presentation.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 consists of:

	2018	2017
Land and permanent site improvements	\$ 15,879	\$ 15,879
Buildings and improvements	2,010,266	2,010,266
Furniture, fixtures and equipment	260,323	238,045
Motor vehicles	86,898	86,898
Boats, motors and trailers	103,980	103,980
Construction in progress	17,393	-
	2,494,739	2,455,068
Less accumulated depreciation	(2,402,249)	(2,323,151)
Property and equipment, net	\$ 92,490	\$ 131,917

NOTE 3: CAPITAL LEASES

The following is an analysis of the leased assets included in property and equipment:

	2018	2017
Machinery and Equipment	\$ 10,484 \$	11,236
Less: Accumulated Depreciation	(1,747)	(10,290)
Total included in property and equipment	\$ 8,737 \$	946

Future minimum payments under capital lease are as follows:

Year Ending June 30,	
2019	\$ 3,936
2020	3,936
2021	3,936
2022	1,969
Total minimum lease payments	13,777
Less amounts representing interest	(4,870)
Present value of minimum lease payments	\$ 8,907

NOTE 4: RESTRICTED NET ASSETS

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

	2018	2017
Education/scholarship	\$ 20,198	\$ 16,270
Building/equipment	32,719	45,119
Experiential activities	1,121	980
Special projects	76,844	94,074
	\$ 130,882	\$ 156,443

Net assets were released from donor restrictions during 2018 and 2017 by occurrence of events specified by donors as follows:

	2018	2017
Education/scholarship	\$ 21,274	\$ 17,759
Building/equipment/motor vehicles	16,209	6,000
Experiential activities	36,121	41,572
Special projects	37,603	2,986
	\$ 111,207	\$ 68,317

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 \$108,380 and \$98,497 in fiscal 2018 and 2017, 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 \$197,927 and \$160,576 from state contracts in fiscal 2018 and 2017, 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, 2018 and 2017 consists of:

	2018	2017	
Affiliate trade receivables	\$ 202,001	\$ 185,410	

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, 2018 and 2017 consists of:

	2018		2017	
Affiliate trade payables	\$	57,667	\$ 54,372	

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, 2018 and 2017 totaled \$83,207 and \$68,888 respectively.

NOTE 7: CONTINGENCIES

A substantial portion of AMIkids's 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's 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.

Certain contracts with government funding agencies are ending on June 30, 2019 and management is actively working to extend those contracts and develop new funding streams to replace those contracts that are ending. Those factors create an uncertainty about the Institute's ability to continue as a going concern.

NOTE 8: SUBSEQUENT EVENTS

The Institute has evaluated events and transactions occurring subsequent to June 30, 2018 as of September 17, 2018 which is the date the financial statements were issued. Subsequent events occurring after September 17, 2018 have not been evaluated by management. No material events have occurred since June 30, 2018 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, 2018, 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 17, 2018.

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

Can, Rigge & Ingram, L.L.C.

Clearwater, Florida September 17, 2018