

# **AMIkids Miami-Dade, Inc.**

## **FINANCIAL STATEMENTS**

**June 30, 2020**

**(With comparative financial information for 2019)**



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**AMIkids Miami-Dade, Inc.**  
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# REPORT



## **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, 2020, 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, 2020, and the changes in its net assets 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 October 29, 2020 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

We have previously audited the AMIkids Miami-Dade, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM

Tampa, Florida  
October 29, 2020



# **FINANCIAL STATEMENTS**

**AMIkids Miami-Dade, Inc.**  
**Statement of Financial Position**

<i>June 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 429,326	\$ 639,934
Accounts receivable		
Funding agencies	114,202	69,362
Other	-	16,735
Due from AMIkids and affiliated institutes	355,406	232,031
Prepaid expenses and other	9,819	63,976
Property and equipment, net	76,259	50,090
Total assets	\$ 985,012	\$ 1,072,128
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 19,126	\$ 25,417
Accrued expenses	77,181	93,687
Due to AMIkids and affiliated institutes	43,870	89,937
Capital lease obligations	29,959	5,553
Total liabilities	170,136	214,594
<b>Net Assets:</b>		
Without donor restrictions	680,423	767,081
With donor restrictions	134,453	90,453
Total net assets	814,876	857,534
Total liabilities and net assets	\$ 985,012	\$ 1,072,128

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

**AMIkids Miami-Dade, Inc.**  
**Statement of Activities**

<i>For the years ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Summarized Total
<b>Public support and revenue:</b>				
Public support:				
State grants	\$ 1,891,639	\$ -	\$ 1,891,639	\$ 1,792,563
Federal support	154,698	-	154,698	89,609
Regional revenue	318,919	-	318,919	595,954
Contributions	109,629	62,800	172,429	266,988
Total public support	2,474,885	62,800	2,537,685	2,745,114
Revenue				
Interest income	1,534	200	1,734	498
Other	2,923	-	2,923	31,045
Total revenue	4,457	200	4,657	31,543
Net assets released from restrictions	19,000	(19,000)	-	-
Total public support and revenue	2,498,342	44,000	2,542,342	2,776,657
<b>Expenses:</b>				
Program services	2,532,098	-	2,532,098	2,702,061
Management and general	52,902	-	52,902	62,346
Total expenses	2,585,000	-	2,585,000	2,764,407
<b>Change in net assets</b>	<b>(86,658)</b>	<b>44,000</b>	<b>(42,658)</b>	<b>12,250</b>
Net assets, beginning of year	767,081	90,453	857,534	845,284
Net assets, end of year	\$ 680,423	\$ 134,453	\$ 814,876	\$ 857,534

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



**AMIkids Miami-Dade, Inc.**  
**Statement of Functional Expenses**

<i>For the years ended June 30,</i>	Program Services	Management and General	2020 Total	2019 Summarized Total
Salaries	\$ 1,363,848	\$ -	\$ 1,363,848	\$ 1,496,580
Employee benefits and payroll taxes	346,702	-	346,702	390,900
Other staff expenses	17,881	-	17,881	16,989
Travel	9,344	-	9,344	8,431
Conferences and training	28,330	374	28,704	38,141
Office and other supplies	59,687	15,559	75,246	66,357
Rent and utilities	64,390	804	65,194	68,866
Insurance	91,900	7,929	99,829	129,099
Professional fees	161,735	5,325	167,060	10,535
Management fee	86,999	18,628	105,627	108,096
Student supplies and training	168,576	-	168,576	273,931
Community development	15,297	136	15,433	15,205
Equipment and maintenance	80,407	4,147	84,554	97,321
Interest	1,451	-	1,451	581
Depreciation	35,551	-	35,551	43,375
<b>Total expense</b>	<b>\$ 2,532,098</b>	<b>\$ 52,902</b>	<b>\$ 2,585,000</b>	<b>\$ 2,764,407</b>

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

## AMIkids Miami-Dade, Inc. Statement of Cash Flows

<i>For the years ended June 30,</i>	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (42,658)	\$ 12,250
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	35,551	43,375
(Increase) decrease in:		
Accounts receivable	(28,105)	18,463
Prepaid expenses and other	54,157	15,445
Due from AMIkids and affiliated institutes	(123,375)	(30,030)
Increase (decrease) in:		
Accounts payable	(6,291)	(23,858)
Accrued expenses	(16,506)	22,858
Due to AMIkids and affiliated institutes	(46,067)	32,270
Net cash and cash equivalents (used in) provided by operating acti	<b>(173,294)</b>	90,773
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(26,281)	(975)
Net cash and cash equivalents used in investing activities	<b>(26,281)</b>	(975)
<b>Cash flows from financing activities:</b>		
Payments on capital leases	(11,033)	(3,354)
Net cash and cash equivalents used in financing activities	<b>(11,033)</b>	(3,354)
Net (decrease) increase in cash and cash equivalents	<b>(210,608)</b>	86,444
Cash and cash equivalents at beginning of year	<b>639,934</b>	553,490
Cash and cash equivalents at end of year	<b>\$ 429,326</b>	\$ 639,934
<b>Supplemental disclosure of noncash investing and operating activities:</b>		
Cash paid for interest	\$ 1,451	\$ 581
Capital lease obligation incurred for use of equipment	\$ 35,439	\$ -

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

## AMIkids Miami-Dade, Inc. Notes to 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<sup>®</sup>. These services are performed by the Institute, which is one of over forty affiliated, but independently governed member programs and schools located in Alabama, Florida, Georgia, Louisiana, New Mexico, North Carolina, South Carolina, Texas and Virginia. The Institute’s educational component is accredited by Cognia, 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.

*Net Assets Without Donor Restriction:* Include net assets that are not subject to donor-imposed stipulations and net assets that have been designated for a specific purpose by the Board of Directors.

*Net Assets With Donor Restrictions:* Include gifts for which donor-imposed restrictions due to time or purpose have not yet been met and gifts that require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions, as applicable.

**AMIkids Miami-Dade, Inc.**  
**Notes to Financial Statements**

**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.

***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***

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. 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, 2020 and 2019 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, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, 2020 and 2019, donated services were not material to the financial statements.

***Functional Allocation of Expenses***

The costs of providing the various services have been summarized on a functional basis between program services and supporting services. Certain costs have been allocated among program services and supporting services. Salaries are allocated based on the time and effort expended between program and supporting services. Rent and utilities and equipment and maintenance costs are allocated based on the ratio allocation of salaries between program and management and general.

***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Institute is exempt from taxes on income other than unrelated business income.

The Institute utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2020 and 2019, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to June 30, 2017.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2020. See Note 11 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

**AMIkids Miami-Dade, Inc.**  
**Notes to Financial Statements**

**NOTE 2: COMPARATIVE FINANCIAL INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2020 and 2019 consists of:

	2020	2019
Land and permanent site improvements	\$ 15,879	\$ 15,879
Buildings and improvements	2,010,266	2,010,266
Furniture, fixtures and equipment	261,360	260,323
Motor vehicles	147,581	86,898
Boats, motors and trailers	122,348	122,348
	<b>2,557,434</b>	2,495,714
Less accumulated depreciation	<b>(2,481,175)</b>	(2,445,624)
Property and equipment, net	<b>\$ 76,259</b>	\$ 50,090

**NOTE 4: CAPITAL LEASES**

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

	2020	2019
Machinery and Equipment	\$ 45,923	\$ 10,484
Less: Accumulated Depreciation	<b>(16,121)</b>	(5,242)
Total included in property and equipment	<b>\$ 29,802</b>	\$ 5,242

Future minimum payments under capital lease are as follows:

Year Ending June 30,	
2021	\$ 11,664
2022	9,696
2023	9,696
2023	1,616
Total minimum lease payments	31,056
Less amounts representing interest	(1,097)
Present value of minimum lease payments	<b>\$ 29,959</b>

**AMIkids Miami-Dade, Inc.**  
**Notes to Financial Statements**

**NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restriction at June 30 are available for the following purposes:

	<b>2020</b>	<b>2019</b>
Education/scholarship	\$ 29,040	\$ 22,850
Building/equipment	21,600	6,600
Experiential activities	7,589	8,158
Special projects	76,224	52,845
	<b>\$ 134,453</b>	<b>\$ 90,453</b>

Net assets were released from donor restrictions during 2020 and 2019 by occurrence of events specified by donors as follows:

	<b>2020</b>	<b>2019</b>
Education/scholarship	\$ 9,011	\$ 22,657
Building/equipment	-	26,119
Experiential activities	8,369	42,092
Special projects	1,620	63,540
	<b>\$ 19,000</b>	<b>\$ 154,408</b>

**NOTE 6: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Institute's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<b>As of June 30,</b>	<b>2020</b>
Cash and cash equivalents	\$ 429,326
Accounts receivable	469,608
Total	898,934
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(134,453)
Financial assets available within one year to meet cash needs for general expenditures within one year	<b>\$ 764,481</b>

The Institute prepares an annual budget that is approved by the Board of Directors for the upcoming year. The annual budget includes projected revenue based on current grants, contracts and contributions. Internally prepared financial statements comparing budget to actual results are reviewed by management on a monthly basis and cash flow is monitored daily.



**AMIkids Miami-Dade, Inc.**  
**Notes to Financial Statements**

**NOTE 6: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

Generally the Institute will have advance notice of grants and contracts terminating and will manage the reductions in cash flow by reducing expenditures and where necessary, by reducing staffing levels.

As part of the Institute liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Institute has available intercompany short-term notes payable, which it could draw upon. The amount available would be sufficient to cover any deficit in available financial assets below general expenditures within the next fiscal year.

**NOTE 7: 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 \$105,627 and \$108,096 in fiscal 2020 and 2019, 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 \$176,859 and \$157,761 from state contracts in fiscal 2020 and 2019, 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, 2020 and 2019 consists of:

	<b>2020</b>	<b>2019</b>
Affiliate trade receivables	\$ 305,223	\$ 181,848
Investments and cash equivalents held by affiliate	50,183	50,183
	\$ 355,406	\$ 232,031

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, 2020 and 2019 consists of:

	<b>2020</b>	<b>2019</b>
Affiliate trade payables	\$ 43,870	\$ 89,937
	\$ 43,870	\$ 89,937

**NOTE 8: 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, 2020 and 2019 totaled \$55,039 and \$65,806 respectively.

**NOTE 9: 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, 2020 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 10: CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by approximately \$94,000 and \$184,000 at June 30, 2020 and 2019, respectively.

**NOTE 11: SUBSEQUENT EVENTS**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**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, 2020, 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 October 29, 2020.

**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, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
October 29, 2020