



AMIkids Miami-Dade, Inc.

FINANCIAL STATEMENTS

June 30, 2022

(With comparative financial information for 2021)



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REPORT



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
AMIkids Miami-Dade, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of AMIkids Miami-Dade, Inc. (Institute), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AMIkids Miami-Dade, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AMIkids Miami-Dade, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AMIkids Miami-Dade, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AMIkids Miami-Dade, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AMIkids Miami-Dade, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, 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 solely 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 the effectiveness of AMIkids Miami-Dade, Inc.'s 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 AMIkids Miami-Dade, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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

December 15, 2022



FINANCIAL STATEMENTS



AMIkids Miami-Dade, Inc.
Statement of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 354,827	\$ 190,292
Accounts receivable:		
Funding agencies	230,329	77,514
Other	-	23,030
Prepaid expenses and other assets	20,511	13,387
Due from affiliates	401,918	688,612
Property and equipment, net	26,193	48,524
Total assets	\$ 1,033,778	\$ 1,041,359
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 18,740	\$ 9,294
Accrued expenses	73,902	54,993
Accrued pension	2,106	-
Due to affiliates	65,594	70,157
Deferred revenues	162,776	73,025
Obligations under capital lease	15,139	25,997
Total liabilities	338,257	233,466
Net Assets:		
Without donor restrictions		
Undesignated	430,074	568,108
With donor restrictions	265,447	239,785
Total net assets	695,521	807,893
Total liabilities and net assets	\$ 1,033,778	\$ 1,041,359

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	2022 Total	2021 Summarized Total
Public support and revenue:				
Public support:				
Federal	\$ 148,289	\$ -	\$ 148,289	\$ 169,218
State	1,626,693	-	1,626,693	1,719,225
Regional	163,210	-	163,210	157,153
Nongovernmental	106,488	-	106,488	104,466
Contributions	63,621	59,985	123,606	255,920
Total public support	2,108,301	59,985	2,168,286	2,405,982
Revenue				
Investment income (loss)	170	-	170	(85)
Other	576	-	576	541
Total revenue	746	-	746	456
Net assets released from restrictions	34,323	(34,323)	-	-
Total public support and revenue	2,143,370	25,662	2,169,032	2,406,438
Expenses:				
Program Services	2,250,730	-	2,250,730	2,365,236
Management and general	30,674	-	30,674	48,185
Total expenses	2,281,404	-	2,281,404	2,413,421
Change in net assets	(138,034)	25,662	(112,372)	(6,983)
Net assets, beginning of year	568,108	239,785	807,893	814,876
Net assets, end of year	\$ 430,074	\$ 265,447	\$ 695,521	\$ 807,893

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	2022 Total	2021 Summarized Total
Direct	\$ 344,354	\$ -	\$ 344,354	\$ 268,473
Salary and Wages	1,103,268	-	1,103,268	1,243,217
PR Benefits	209,916	-	209,916	268,745
PR Taxes	79,537	-	79,537	92,749
Professional Fees	93,056	11,990	105,046	105,906
Grants Awarded Expense	5,042	-	5,042	8,900
Advertising and Promotion	277	-	277	7,048
Amortization	11,058	-	11,058	11,340
Fundraising Fees	925	-	925	209
Conferences, Conventions, and Meetings	14,850	42	14,892	11,706
Depreciation	13,279	-	13,279	22,996
Facilities	34,200	381	34,581	34,708
Insurance	122,271	7,574	129,845	114,131
Interest Expenses	-	1,331	1,331	3,085
Office Supplies	2,436	4,305	6,741	5,327
Other Expenses	70,891	2,514	73,405	67,897
Repairs and Maintenance	73,974	2,537	76,511	81,411
Telecommunication	24,598	-	24,598	29,122
Travel Expenses	5,606	-	5,606	8,045
Utilities	41,192	-	41,192	28,406
Total expense	\$ 2,250,730	\$ 30,674	\$ 2,281,404	\$ 2,413,421

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>	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (112,372)	\$ (6,983)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	24,337	34,333
(Increase) decrease in:		
Accounts receivable	(129,785)	13,658
Prepaid expenses and other	(7,124)	(3,568)
Due from affiliates	286,694	(333,206)
Increase (decrease) in:		
Accounts payable	9,446	(9,832)
Accrued expenses	18,909	(22,188)
Accrued pension	2,106	-
Deferred revenues	89,751	73,025
Due to affiliates	(4,563)	26,287
Net cash and cash equivalents used in operating activities	177,399	(228,474)
Cash flows from investing activities:		
Purchases of property and equipment	(2,006)	-
Net cash and cash equivalents used in investing activities	(2,006)	-
Cash flows from financing activities:		
Payments on capital lease obligations	(10,858)	(10,560)
Net cash and cash equivalents used in financing activities	(10,858)	(10,560)
Net (decrease) increase in cash and cash equivalents	164,535	(239,034)
Cash and cash equivalents at beginning of year	190,292	429,326
Cash and cash equivalents at end of year	\$ 354,827	\$ 190,292
Supplemental disclosure of noncash investing and operating activities:		
Cash paid for interest	\$ 1,219	\$ 2,886
Capital lease obligation incurred for use of equipment	\$ -	\$ 6,598

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 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 U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days 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, 2022 and 2021 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.

A significant portion of the Institute's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Public support contracts are analyzed for measurable performance-related barriers or other measurable barriers, primarily client service days or expenditure of resources on allowable costs. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as deferred revenue.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions are initially recorded as increases in net assets without donor 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, 2022 and 2021, 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, 2022 and 2021, 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, 2018.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 15, 2022 and determined there were no events that occurred that require disclosure. 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, 2021, from which the summarized information was derived.

Note 3: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consists of:

	2022	2021
Land and permanent site improvements	\$ 15,879	\$ 15,879
Buildings and improvements	2,010,266	2,010,266
Furniture, fixtures and equipment	177,805	175,799
Motor vehicles	147,581	147,581
Boats, motors and trailers	122,348	122,348
	2,473,879	2,471,873
Less accumulated depreciation	(2,447,686)	(2,423,349)
Property and equipment, net	\$ 26,193	\$ 48,524

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$24,337 and \$34,334, respectively.

Note 4: CAPITAL LEASES

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

	2022	2021
Machinery and Equipment	\$ 42,037	\$ 42,037
Less: Accumulated Depreciation	(28,035)	(16,976)
Total included in property and equipment	\$ 14,002	\$ 25,061

Future minimum payments under capital lease are as follows:

<i>Year Ending June 30,</i>	
2023	\$ 12,072
2024	3,794
Total minimum lease payments	15,866
Less amounts representing interest	(727)
Present value of minimum lease payments	\$ 15,139

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:

	2022	2021
Education/scholarship	\$ 137,645	\$ 130,145
Building/equipment	27,250	21,836
Experiential activities	35,338	22,590
Other	65,214	65,214
	\$ 265,447	\$ 239,785

Net assets were released from donor restrictions during 2022 and 2021 by occurrence of events specified by donors as follows:

	2022	2021
Education/scholarship	\$ 18,485	\$ 20,417
Building/equipment	9,586	9,763
Experiential activities	6,252	-
Other	-	25,438
	\$ 34,323	\$ 55,618

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:

<i>As of June 30,</i>	2022
Cash and cash equivalents	\$ 354,827
Accounts receivable	632,247
Total	987,074
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(265,447)
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 721,627

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 \$99,468 and \$100,160 in fiscal 2022 and 2021, 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 \$173,287 and \$176,859 from state contracts in fiscal 2022 and 2021, 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, 2022 and 2021 consists of:

	2022	2021
Affiliate trade receivables	\$ 10,593	\$ 172,420
Investments and cash equivalents held by affiliate	391,325	516,192
	\$ 401,918	\$ 688,612

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.

AMIkids Miami-Dade, Inc.
Notes to Financial Statements

Note 7: RELATED PARTY TRANSACTIONS (Continued)

Due to AMIkids and affiliated Institutes at June 30, 2022 and 2021 consists of:

	2022	2021
Affiliate trade payables	\$ 65,594	\$ 70,157
	\$ 65,594	\$ 70,157

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, 2022 and 2021 totaled \$56,730 and \$67,110 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.

Note 10: CONCENTRATIONS OF CREDIT RISK

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.

**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, 2022, 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 December 15, 2022.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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
December 15, 2022