

AMIkids, Inc. and Affiliates
(formerly Associated Marine Institutes, Inc.)
Combined Financial Statements and Schedules
Year ended June 30, 2010
(With comparative information for 2009)

AMIkids, Inc. and Affiliates
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Year ended June 30, 2010
(With comparative financial information for 2009)

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Independent Auditors' Report

Board of Trustees
AMikids, Inc.

We have audited the accompanying combined statement of financial position of AMikids, Inc. (formerly Associated Marine Institutes, Inc.) and Affiliates as of June 30, 2010, and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of AMikids, Inc. management. Our responsibility is to express an opinion on these financial statements based on our audit. The summarized comparative financial information for 2009 has been derived from the combined financial statements of AMikids, Inc. and Affiliates as of and for the year ended June 30, 2009, and, in our report dated September 17, 2009 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AMikids, Inc. and Affiliates internal control over financial reporting. Accordingly, we express no such opinion. 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 combined financial statements referred to above present fairly, in all material respects, the financial position of AMikids, Inc. and Affiliates as of June 30, 2010, and the results of their activities and their 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 September 20, 2010 on our consideration of AMikids, 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; Chapter 3A-5, Rules of the Florida Department of Banking and Finance; and the Texas Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cross Fernandez & Riley LLP

Certified Public Accountants

Tampa, Florida
September 20, 2010

AMKids, Inc. and Affiliates
Combined Statement of Financial Position
June 30, 2010
(With comparative financial information for 2009)

	<u>2010</u>	<u>2009</u>
Assets		
Cash and Cash Equivalents	\$ 7,268,144	\$ 7,386,867
Investments	9,162,204	9,460,215
Accounts Receivable:		
Funding Agencies	6,220,642	5,353,469
Other	913,744	1,006,255
Prepaid Expenses and Other Assets	1,574,189	1,693,379
Boat Inventory	3,475,325	3,502,150
Boats under Lease	6,830,320	6,006,798
Property and Equipment, Net	18,392,958	19,435,680
Restricted Investments	157,090	157,090
	<u>\$ 53,994,616</u>	<u>\$ 54,001,903</u>
 Liabilities and Net Assets		
Liabilities:		
Lines of Credit	\$ 214,031	\$ 2,779
Accounts Payable	733,566	743,981
Accrued Expenses	7,073,664	7,398,880
Accrued Pension	1,053,637	1,220,141
Deferred Revenues	544,674	845,748
Security Deposits	1,688,064	1,291,144
Long Term Debt	4,432,327	4,913,159
Total Liabilities	<u>15,739,963</u>	<u>16,415,832</u>
 Net Assets:		
Unrestricted	35,863,175	34,818,972
Temporarily Restricted	2,234,388	2,610,009
Permanently Restricted	157,090	157,090
Total Net Assets	<u>\$ 38,254,653</u>	<u>\$ 37,586,071</u>
	<u>\$ 53,994,616</u>	<u>\$ 54,001,903</u>

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

AMIkids, Inc. and Affiliates
Combined Statement of Activities
Year ended June 30, 2010
(With summarized financial information for 2009)

	Unrestricted	Temporarily restricted	Permanently restricted	Totals	
				2010	2009
Public support and revenue:					
State support:					
Florida	\$ 20,117,974	\$ -	\$ -	\$ 20,117,974	\$ 20,499,031
South Carolina	9,648,312	-	-	9,648,312	10,484,319
Virginia	-	-	-	-	812,308
Louisiana	9,594,550	-	-	9,594,550	9,714,729
Georgia	11,058,575	-	-	11,058,575	11,488,177
Texas	2,002,762	-	-	2,002,762	2,328,525
Pennsylvania	170,970	-	-	170,970	1,293,302
Regional Funds	19,652,872	-	-	19,652,872	20,070,113
Contributions	985,507	1,404,447	-	2,389,954	3,053,339
Total public support	<u>73,231,522</u>	<u>1,404,447</u>	<u>-</u>	<u>74,635,969</u>	<u>79,743,843</u>
Revenue:					
Boat program	5,198,648	-	-	5,198,648	5,739,940
Investment income (loss)	515,881	43,229	-	559,110	(50,882)
Other	766,039	-	-	766,039	748,536
Total revenue	<u>6,480,568</u>	<u>43,229</u>	<u>-</u>	<u>6,523,797</u>	<u>6,437,594</u>
Net assets released from restrictions	<u>1,823,297</u>	<u>(1,823,297)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>81,535,387</u>	<u>(375,621)</u>	<u>-</u>	<u>81,159,766</u>	<u>86,181,437</u>
Expenses:					
Program Services	65,531,085	-	-	65,531,085	69,790,996
Management and general	9,347,957	-	-	9,347,957	9,352,690
Fundraising	589,400	-	-	589,400	576,881
Boat program	5,022,742	-	-	5,022,742	6,060,631
Total expenses	<u>80,491,184</u>	<u>-</u>	<u>-</u>	<u>80,491,184</u>	<u>85,781,198</u>
Change in net assets	1,044,203	(375,621)	-	668,582	400,239
Net assets, beginning of year	34,818,972	2,610,009	157,090	37,586,071	37,185,832
Net assets, end of year	<u>\$ 35,863,175</u>	<u>\$ 2,234,388</u>	<u>\$ 157,090</u>	<u>\$ 38,254,653</u>	<u>\$ 37,586,071</u>

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

AMikids, Inc. and Affiliates
Combined Statement of Functional Expenses
Year ended June 30, 2010
(With summarized financial information for 2009)

	Total Program Services	Supporting Services			Total Support Services	Totals	
		Management and general	Fund Raising	Boat Program		2010	2009
Salaries	\$ 36,298,784	\$ 3,888,534	\$ 311,374	\$ 436,691	\$ 4,636,599	\$ 40,935,383	\$ 43,789,802
Employee benefits and payroll taxes	10,113,681	1,447,674	38,179	124,783	1,610,636	11,724,317	11,828,640
Commissions	-	-	-	844,830	844,830	844,830	1,037,643
Travel	813,413	419,837	47,317	81,408	548,562	1,361,975	1,624,616
Conferences and training	858,545	130,409	10,925	3,059	144,393	1,002,938	1,216,326
Books and publications	24,902	33,549	13,288	6,517	53,354	78,256	86,703
Rent and utilities	3,082,747	145,905	-	14,159	160,064	3,242,811	3,338,837
Insurance	1,982,725	(99,662)	-	215,624	115,962	2,098,687	2,584,699
Telephone	844,443	158,302	7,577	18,708	184,587	1,029,030	1,064,190
Professional fees	987,671	1,111,941	11,273	160,912	1,284,126	2,271,797	1,756,818
Postage	-	170,870	587	3,564	175,021	175,021	187,272
Student supplies and training	4,547,707	437,501	5,770	34,144	477,415	5,025,122	5,241,846
Community development	299,822	309,766	40,560	12,099	362,425	662,247	652,335
Equipment and maintenance	2,496,238	689,655	172	667,217	1,357,044	3,853,282	4,526,851
Transportation	-	30,767	-	111,141	141,908	141,908	94,815
Dockage	-	-	-	190,921	190,921	190,921	271,117
Interest	216,337	60,291	2,665	53,551	116,507	332,844	348,415
Depreciation and amortization	2,894,541	237,744	-	65,795	303,539	3,198,080	3,389,729
Amortization of Boats on Charter	-	-	-	1,957,895	1,957,895	1,957,895	2,372,572
Other	69,529	174,874	99,713	19,724	294,311	363,840	367,972
Total Expenses	\$ 65,531,085	\$ 9,347,957	\$ 589,400	\$ 5,022,742	\$ 14,960,099	\$ 80,491,184	\$ 85,781,198

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

AMIkids, Inc. and Affiliates
Combined Statement of Cash Flows
Year ended June 30, 2010
(With comparative financial information for 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 668,582	\$ 400,239
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,198,080	3,389,729
Loss on disposal of property and equipment	53,401	317,239
Donated Land, building and equipment	(137,246)	(103,038)
Realized and unrealized (gains) losses on investments	(141,835)	461,627
(Increase) decrease in:		
Accounts receivable	(774,662)	717,660
Prepaid expenses and other assets	119,190	(344,449)
Boat Inventory	26,825	1,226,275
Boats under Lease	(823,522)	(165,528)
Increase (decrease) in:		
Accounts payable	(10,415)	(174,091)
Accrued expenses	(325,216)	(807,973)
Accrued pension	(166,504)	(193,481)
Deferred revenues	(301,074)	(406,845)
Security deposits	396,920	(284,300)
Net cash provided by operating activities	<u>1,782,524</u>	<u>4,033,064</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,907,448)	(1,830,312)
Proceeds from sale of property	28,686	106,787
Proceeds from sale of investments	6,286,142	4,165,393
Purchases of investments	(5,846,296)	(5,214,297)
Net cash used in investing activities	<u>(1,438,916)</u>	<u>(2,772,429)</u>
Cash flows from financing activities:		
Net borrowings (payments) on lines of credit	211,252	(3,400,991)
Proceeds from new borrowings from third parties	144,401	2,265,628
Payments on long-term debt	(817,984)	(873,875)
Net cash used in financing activities	<u>(462,331)</u>	<u>(2,009,238)</u>
Net decrease in cash and cash equivalents	(118,723)	(748,603)
Cash and cash equivalents at beginning of year	<u>7,386,867</u>	<u>8,135,470</u>
Cash and cash equivalents at end of year	<u>\$ 7,268,144</u>	<u>\$ 7,386,867</u>
Cash paid for interest	<u>\$ 332,844</u>	<u>\$ 348,415</u>
Supplemental disclosure of noncash investing and financing activities:		
Financed purchases of property and equipment	<u>\$ 192,751</u>	<u>\$ 76,241</u>

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

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

June 30, 2010

(With comparative financial information for 2009)

1. Summary of Significant Accounting Policies

Organization

AMIkids, Inc. (formerly Associated Marine Institutes, Inc.) and affiliated member institutes and schools, non-profit corporations (collectively referred to as “AMIkids” or the “Organization”), are 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 AMIkids through over fifty affiliated, but independently governed member institutes and schools located in Florida, South Carolina, Louisiana, Virginia, Georgia, Texas, and Illinois. AMIkids’ operating funds are primarily generated from state and federal contracts, local funding, contributions and boat program operations. AMIkids, Inc. executes the majority of contracts, collects funds, coordinates the operations, and manages the record keeping of these member institutes and schools.

As part of the combined group, the AMIkids Foundation, Inc. supports the group in raising funds and investment management.

Continued operation of AMIkids’ rehabilitation programs is dependent on funding from state and local agencies.

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 combined financial statements include the accounts of AMIkids, Inc. AMIkids Foundation, Inc., and affiliated member institutes and schools. All significant intercompany balances and transactions have been eliminated. The accompanying combined 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 AMIkids. Temporarily restricted net assets represent those amounts which are not available until future periods or are donor restricted for specific purposes. Permanently restricted net assets result from gifts and bequests from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and 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. AMIkids believes it is not exposed to any significant credit risk in these accounts.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2010
(With comparative financial information for 2009)

Investments and Investment Income

Investments are recorded at cost at the time of purchase. Donated securities are recorded at fair value at the time of donation. Subsequent changes in fair value, regardless of how an investment is obtained, are determined based on quoted market prices, and values provided by the investment sponsors, and are recorded as unrealized gains and losses. Net appreciation (depreciation) of investments reflects the net realized and unrealized gains and losses of investments during the reporting period. Interest and dividends are recorded as earned. Dispositions of securities are reflected in the financial statements as of the trade date.

Accounts Receivable

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

Boat Inventory

Boat inventory represents boats held for resale which are valued at estimated fair value at the time of the donation. Fair value is estimated based on third party appraisals, broker valuations and management's experience with the boat charter industry. Fair values are reviewed quarterly by management and are reduced when necessary. Adjustments to fair value are recorded as a reduction in boat program revenue if the adjustment is made during the year of the donation and as an increase in boat program expense if made in subsequent years. Normal expenditures for repairs and maintenance of boats are expensed as incurred.

Some boat donations are structured in a way where AMIkids, Inc. pays for a portion of the value of the donated boat and reduces boat program revenues. For the years ended June 30, 2010 and 2009, \$50,000 and \$0 such costs were incurred, respectively.

Boats Under Lease

AMIkids, Inc. charters its boats to third parties under operating leases for periods of up to three years or less. The operating leases contain options to purchase the boat at the end of the charter period for the fair value estimated by management at lease inception, with all of the charter payments applied to the purchase price. Revenues are recognized as received, except for security deposits that are recognized if and when the purchase option is exercised. If the purchase option is not exercised, the boat is returned to AMIkids, Inc. and the security deposit is returned to the lessee after deducting all necessary expenses for the boat to be in the same condition as at time of initiation of the lease.

Future minimum lease payments due under operating leases during fiscal years 2011, 2012 and 2013 are approximately \$1,356,000, \$630,000, and \$179,000, respectively. At June 30, 2010 and 2009 the unexercised purchase options were approximately \$4,648,000 and \$3,482,000, respectively. The gross value and accumulated depreciation on leased property as of June 30, 2010 was approximately \$12,016,000 and \$5,186,000, respectively. The gross value and accumulated depreciation on leased property as of June 30, 2009 was approximately \$8,813,000 and \$2,807,000, respectively. Amortization of boats under lease amounted to \$1,957,895 and \$2,372,572 for the years ended June 30, 2010 and 2009, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was \$194,311 and \$1,990,008 for the years ended June 30, 2010 and 2009, respectively.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2010
(With comparative financial information for 2009)

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 an institute or school by a funding agency are stated at estimated fair value at date of transfer. Property and equipment transferred or acquired with grant funds may revert to the funding agency should the institute or school no longer provide the 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 and amortization is calculated using the straight-line method over the following estimated useful lives of the assets (term of the lease as to leasehold improvements) as follows:

Permanent site improvements	3-30 years
Buildings and leasehold improvements	5-30 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	3-5 years
Boats, motors and trailers	3 years
Swimming pools	10 years

Impairment of Long-Lived Assets

AMIkids 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.

Restricted Investments

Restricted investments are comprised of amounts received with donor-imposed restrictions that limit their use to long-term purposes. Restricted investments and the related investment income are accounted for in the same manner as investments and investment income.

Deferred revenue

Deferred revenue is related to grant payments collected in advance of revenue recognition.

Use of Facilities

Facilities provided by a funding agency to an institute or school for use during the term of its contract 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 or school. The amounts recorded in each period of use by the institute or school 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 expense were approximately \$950,000 and \$991,000 for the years ended June 30, 2010 and 2009, respectively, and are reflected as contributions revenue and rent and utilities expense, respectively, in the accompanying financial statements.

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

June 30, 2010

(With comparative financial information for 2009)

Public Support and Revenue

Public support is primarily from contracts with various state agencies. Contracts with state agencies generally provide funding based on client service days. Regional revenue represents amounts received from federal and local sources, including county school boards, United Way agencies and other contributions. Other revenue represents special fund raising events.

A significant portion of AMIkids' 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.

Contributions received are measured at their fair values and are reported as increases in net assets. AMIkids reports contributions 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 combined 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, 2010 and 2009, donated services recorded in the financial statements were not material to the financial statements.

Fair Value of Financial Instruments

Effective July 1, 2008, the Organization adopted FASB Accounting Standards Codification "Fair Value Measurements and Disclosures" which defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements. The impact of adopting this new standard as of July 1, 2008 was not significant to the Organization's financial statements. Fair value is defined 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. A fair value hierarchy is established 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, 2010. The respective carrying value of certain

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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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 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 Organization's Level 1 financial assets as of June 30, 2010 and 2009 consist of cash equivalents of \$4,651,159 and \$4,705,418 and investments of \$1,956,898 and \$4,087,705, respectively. Level 1 investments include pooled equity funds, fixed income funds, equity securities and government securities valued based on quoted market prices. Level 2 financial assets as of June 30, 2010 and 2009 consist of certificates of deposit of \$7,114,582 and \$5,370,090, respectively, valued based on cost plus accrued interest which approximates fair value as well as corporate bonds and cash surrender of insurance policies of \$247,814 and 159,510, respectively. Corporate bonds are valued based upon recent bid prices. The cash surrender value of insurance policies is the quoted market prices of the underlying securities. The Organization has no Level 3 instruments.

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, Inc. and affiliated member institutes and schools are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. There is minimal income tax associated with the unrelated business income mainly from the sale of donated boats.

The Organization adopted the accounting standard "Uncertainty in Income Taxes" on July 1, 2009, which provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization has not recognized a liability as a result of the implementation of this new standard. A reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there is no unrecognized benefit as of the date of adoption. The Organization has not recognized interest expense or penalties as a result of the implementation of this new standard. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Summarized Financial Information for 2009

The financial information for the year ended June 30, 2009, is presented for comparative purposes, and is not intended to be a complete presentation. Certain amounts for fiscal 2009 have been reclassified to conform with their presentation in the 2010 financial statements with no impact on total net assets or changes in net assets.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2010
(With comparative financial information for 2009)

2. Investments and Restricted Investments

Investments and restricted investments at June 30, 2010 and 2009 consist of:

	2010		2009	
	Cost	Fair value	Cost	Fair value
Certificates of deposit	\$ 7,114,582	\$ 7,114,582	\$ 5,370,094	\$ 5,370,090
Pooled equity funds	1,330,146	1,175,745	1,653,752	1,258,991
Pooled fixed income funds	764,973	793,640	581,687	589,687
Equity securities	200,068	173,704	266,892	190,268
Cash surrender value of insurance policies	61,623	61,623	59,199	59,199
Government securities	-	-	2,064,388	2,149,070
	<u>9,471,392</u>	<u>9,319,294</u>	<u>9,996,012</u>	<u>9,617,305</u>
Less restricted investments	(157,090)	(157,090)	(157,090)	(157,090)
	<u>\$ 9,314,302</u>	<u>\$ 9,162,204</u>	<u>\$ 9,838,922</u>	<u>\$ 9,460,215</u>

Investment income (loss) was comprised of the following for the years ended June 30, 2010 and 2009:

	2010	2009
Interest and dividends	\$ 417,275	\$ 410,745
Net realized and unrealized gains (losses)	141,835	(461,627)
	<u>\$ 559,110</u>	<u>\$ (50,882)</u>

3. Property and Equipment

Property and equipment at June 30, 2010 and 2009 consist of:

	2010	2009
Land and permanent site improvements	\$ 5,812,564	\$ 5,501,797
Buildings and leasehold improvements	24,480,436	24,223,631
Furniture, fixtures and equipment	9,276,267	9,177,610
Motor vehicles	3,879,779	3,833,125
Boats, motors and trailers	808,309	848,337
Swimming Pools	443,289	443,289
Construction in progress (estimate to complete is \$3,100,000)	536,512	291,767
	<u>45,237,156</u>	<u>44,319,556</u>
Less accumulated depreciation and amortization	(26,844,198)	(24,883,876)
	<u>\$ 18,392,958</u>	<u>\$ 19,435,680</u>

Included in furniture, fixtures and equipment are assets recorded under capital leases with a cost and accumulated amortization of \$434,723 and \$243,923, respectively at June 30, 2010 and \$387,071 and \$215,414, respectively at June 30, 2009.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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Certain of AMIkids' affiliated institutes and schools have purchased various assets with contract funds. Under the terms of these contracts, the funding agency may require such assets to be returned upon termination of the contract or program.

4. Lines of Credit

Lines of credit at June 30, 2010 and 2009 consist of:

Entity	2010	2009
AMIkids, Inc. Accounts receivable line of credit, \$5,000,000 maximum, bearing interest at the one month LIBOR rate plus 2.1% but not less than 3% (interest rate at June 30, 2010 was 3%), due March 2011, borrowing-base determined by accounts receivable balance.	\$ 212,000	-
AMIkids, Inc. Boat inventory line of credit, \$4,000,000 maximum, bearing interest at the one month LIBOR rate plus 2.1% but not less than 3% (interest rate at June 30, 2010 was 3%), due March 2011, borrowing-base determined by boat inventory market values.	-	-
AMIkids, Inc. Boat charter receivable line of credit, \$5,000,000 maximum, bearing interest at the one month LIBOR rate plus 2.1% but not less than 3% (interest rate at June 30, 2010 was 3%), due March 2011, borrowing-base determined by receivables under boat charter agreements	-	-
Space Coast Line of credit, maximum available \$50,000, interest at prime plus 1.5% (interest rate at June 30, 2010 was 4.75%); due on demand, secured by building	-	-
Tampa Line of credit, maximum available \$20,000, interest at prime plus 2% (interest rate at June 30, 2010 was 5.25%); due on demand, uncollateralized	2,031	2,779
Total Lines of Credit	\$ 214,031	\$ 2,779

The combined borrowings on the AMIkids, Inc. boat inventory and boat charter receivable lines of credit cannot exceed \$8,000,000. The combined borrowings on the three AMIkids, Inc. lines of credit cannot exceed \$13,000,000. The AMIkids, Inc. lines of credit are cross-collateralized and are secured by the borrowing-base assets disclosed above as well as other assets of AMIkids, Inc.

At June 30, 2010, the Organization had a maximum of \$12,856,000 available under lines of credit, subject to availability based on asset levels. The AMIkids, Inc. lines of credit contain restrictive financial covenants related to debt service coverage and the maintenance of minimum cash and marketable securities levels. The Organization was in compliance with debt covenants at June 30, 2010 and 2009.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2010
(With comparative financial information for 2009)

5. Long Term Debt

Long term debt at June 30, 2010 and 2009 consists of:

Entity	<u>2010</u>	<u>2009</u>
AMIkids, Inc. Mortgage payable bearing interest at prime less 1.15% (interest rate at June 30, 2010 was 2.1%); monthly installments of \$4,175, due February 2012 with a final payment of \$458,860 collateralized by building	\$ 534,640	\$ 580,108
AMIkids, Inc. Mortgage payable bearing interest at prime less 1.15% (interest rate at June 30, 2010 was 2.1%); monthly installments of \$1,670 due February 2012 with a final payment of \$271,540 collateralized by building	318,769	345,757
Beaufort Notes payable in yearly installments of \$30,000, in March of each year through 2012. Interest variable at 1% over the bank's annual percentage yield on certificates of deposit (interest at 2.0% at 6/30/2010), collateralized by school assets	48,000	84,000
Baton Rouge Mortgage payable in monthly installments of \$2,801, including interest at 6.03%, due May 2012, collateralized by building	41,910	72,007
Baton Rouge Note payable in monthly installments of \$1,783, including interest at 5.9%, due September 2014, collateralized by vehicles	80,113	-
Pensacola Mortgage payable, monthly installments of \$1,337, including interest at 6%, due December 2014; (balloon payment due December 2014 for \$68,529); collateralized by building	115,530	-
Pensacola Mortgage payable, monthly installments of \$2,717, interest at 1% below prime due January 2010; collateralized by building	-	134,781
Manatee Note payable in monthly installments of \$746, including interest at 10%, due December 2014; collateralized by equipment	26,338	32,321
Jacksonville Note payable in monthly installments of \$500, including interest at 13.3%, due March 2015; capitalized lease obligation related to equipment	21,034	-
Jefferson Mortgage payable in monthly principal installments of \$1,107, plus interest of 1.40% under the prime rate (interest rate at June 30, 2010 was 1.85%); estimated balloon payment of \$132,799 due October 2012, collateralized by three modular buildings.	163,787	177,067

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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Entity	<u>2010</u>	<u>2009</u>
Louisiana Properties Mortgage payable in monthly installments of \$24,085, plus interest of 5.2% , due January 2019; collateralized by real estate in Branch, Louisiana and Lake Charles, Louisiana	1,997,666	2,177,700
Pasco Mortgage payable in monthly installments of \$1,485, including interest at 7.70%, due August 2021, collateralized by building	133,893	140,950
Orlando Mortgage payable in monthly installments of \$1,370, interest rate of 7.25%, due November 2017, collateralized by building	93,959	103,214
Panama City Mortgage payable in monthly installments of \$4,117, balloon payment of approximately \$460,077, including interest at 7%, due December 2012, collateralized by land and buildings	500,136	513,333
Piedmont Mortgage payable in monthly installments of \$775, balloon payment of approximately \$56,427 including interest at 8.25%, due November 2011, collateralized by building	63,703	66,566
Red River Mortgage payable in monthly principal installments of \$4,167, plus interest of 1.15% under the prime rate (interest rate at June 30, 2010 was 2.1%); estimated balloon payment of \$40,083 due August 2011, collateralized by building	94,250	254,207
Various Various notes payable, monthly installments from \$97 to \$1,007, various interest rates, due through June 2013, collateralized by vehicles and equipment.	198,599	231,148
Total Long Term Debt	<u>\$ 4,432,327</u>	<u>\$ 4,913,159</u>

AMIkids, Inc. has guaranteed the previously mentioned long term debt for Louisiana Properties, Jefferson and Red River.

Principal payments on long-term debt for years subsequent to June 30, 2010 are as follows:

2011	\$ 538,941
2012	1,252,175
2013	920,953
2014	380,390
2015	272,405
Thereafter	1,067,463
	<u>\$ 4,432,327</u>

AMIkids, Inc. and Affiliates
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6. Accrued Expenses

Accrued expenses at June 30, 2010 and 2009 consist of:

	<u>2010</u>	<u>2009</u>
Workers compensation self-insurance reserve	\$ 2,360,379	\$ 2,038,127
Vehicle self-insurance reserve	711,952	1,412,645
Medical self-insurance reserve	611,327	772,766
Other self-insurance reserves	15,439	6,787
Accrued payroll	593,480	570,047
Accrued vacation	945,106	896,673
Accrued boat program payments	693,216	821,467
Other accruals	1,142,765	880,368
	<u>\$ 7,073,664</u>	<u>\$ 7,398,880</u>

7. Restrictions and Limitations on Net Assets

Temporarily restricted net assets consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Education/scholarship	\$ 960,981	\$ 1,032,368
Building / Equipment	487,066	755,436
Girls Initiative Program	413,788	411,369
Experiential Activities	237,555	272,250
Other	134,998	138,586
	<u>\$ 2,234,388</u>	<u>\$ 2,610,009</u>

Permanently restricted net assets consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Endowment Fund	\$ 157,090	\$ 157,090

The income from the Endowment Fund is classified as temporarily restricted and must be used to assist former students of AMIkids' programs with educational or employment-related expenses or to support the marine program at a specific institute.

8. Net Assets Released From Restrictions

Net assets were released from donor restrictions by occurrence of events specified by donors as follows for the years ended June 30, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Education/scholarship	\$ 356,512	\$ 303,324
Building/ Equipment	833,463	455,985
Girls Initiative Program	20,000	2,412
Experiential Activities	387,495	220,258
Other	225,827	552,268
	<u>\$ 1,823,297</u>	<u>\$ 1,534,247</u>

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
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9. Net Assets

The following reflects the separate components of net assets of the combined institutes and schools:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
AMIkids, Inc.				
Net Assets June 30, 2008	\$ 18,344,932	\$ 138,748	\$ 50,000	\$ 18,533,680
Change in Net Assets	1,587,217	(15,090)	-	1,572,127
Net Assets June 30, 2009	19,932,149	123,658	50,000	20,105,807
Change in Net Assets	689,283	(79,148)	-	610,135
Net Assets June 30, 2010	20,621,432	44,510	50,000	20,715,942
AMIkids Foundation				
Net Assets June 30, 2008	187,049	624,347	7,090	818,486
Change in Net Assets	(108,766)	182,843	-	74,077
Net Assets June 30, 2009	78,283	807,190	7,090	892,563
Change in Net Assets	33,142	16,407	-	49,549
Net Assets June 30, 2010	111,425	823,597	7,090	942,112
Member Institutes and Schools				
Net Assets June 30, 2008	16,041,379	1,692,287	100,000	17,833,666
Change in Net Assets	(1,232,839)	(13,126)	-	(1,245,965)
Net Assets June 30, 2009	14,808,540	1,679,161	100,000	16,587,701
Change in Net Assets	321,778	(312,880)	-	8,898
Net Assets June 30, 2010	15,130,318	1,366,281	100,000	16,596,599
Total Net Assets as of June 30, 2010	\$ 35,863,175	\$ 2,234,388	\$ 157,090	\$ 38,254,653

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2010
(With comparative financial information for 2009)

10. Commitments and Contingencies

A substantial portion of AMIkids' public support is derived from programs supported by various funding agencies. Under the terms of the agreements with the funding agencies, AMIkids' financial records are subject to audit by the appropriate governmental authorities. Depending on the results of these audits, if any, funds may be required to be refunded to the appropriate agency.

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

AMIkids leases facilities under operating leases expiring in various years. Rent expense on these operating leases charged to operations for the years ended June 30, 2010 and 2009 was approximately \$713,000 and \$703,000, respectively. Based on the current operating leases the annual lease expense is expected to remain consistent with 2010 expense over the next five years. Typically there are no operating leases with terms greater than five years.

AMIkids receives donations of boats that are valued at estimated fair value at the time of the donation. Management has estimated the value of the boat inventory at \$3,475,325 and \$3,502,150 at June 30, 2010 and 2009, respectively. Fair value is estimated based on third party appraisals, broker valuations and management's experience with the boat charter industry. The actual fair value of the boats is not known until the boat is sold or leased.

AMIkids has purchased high-deductible policies for workers compensation and for other property and casualty insurance and is responsible for all claims below the deductible level. The company is fully insured for vehicle claims incurred after August 31, 2009. Management has accrued approximately \$3,088,000 and \$3,458,000 at June 30, 2010 and 2009, respectively, as an estimate of losses on unpaid claims under these insurance policies. These accruals are estimated based on current and historical claims experience. It is reasonably possible that these estimates will change and, if changed, could have a material impact on the financial statements. Under AMIkids' workers compensation and vehicle policies, the Organization has provided the insurance carrier letters of credit for approximately \$3,590,000, which is collateralized by investments and cash held by AMIkids. Total investments and cash of \$5,076,000 support the expected insurance commitments, including the required letters of credit.

AMIkids is self insured for group health insurance up to a maximum of \$100,000 per employee. Management has accrued approximately \$611,000 and \$773,000 at June 30, 2010 and 2009, respectively, for estimated claims, including known claims and claims which are estimated to have occurred but which have not yet been reported. This estimate is based on current and historical claims experience and other information obtained from AMIkids's insurance provider. It is reasonably possible that these estimates will change and, if changed, could have a material impact on the financial statements. Adjustments to the estimated claims accrual are made when the need for such adjustments becomes apparent.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2010
(With comparative financial information for 2009)

11. Retirement Plans

AMIkids maintains a noncontributory defined contribution pension plan covering all full-time employees who have completed two years of service and have attained the age of 20-1/2 years. Contributions to the plan are based on a percentage of each employee's total compensation for the year. The pension expense for the years ended June 30, 2010 and 2009 was approximately \$2,213,000 and \$2,186,000 respectively.

AMIkids has certain supplemental pension agreements with key members of management, which are accrued for and included in accrued pension in the statement of financial position. The supplemental pension is generally funded on an annual basis and the related assets are included as a component of investments.

12. Institute Openings and Closings

During the current fiscal year, AMIkids opened South Carolina Wilderness, Inc., which owns a facility in Georgetown which is currently under construction. In June 30, 2010, AMIkids, Inc. entered into a new Federal contract for a school in New Mexico. This facility is now under construction and is being financed by the local county government. The Company expects the school to open in fiscal year 2011.

During fiscal year ended June 30, 2010 and due to a loss of funding, the Infinity Sarasota, Infinity Newberry and Wings – Pennsylvania schools were closed and the White Pines contract was reduced to one camp.

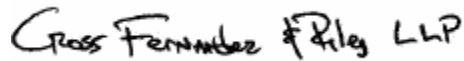
13. Subsequent events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2010 as of September 20, 2010 which is the date the financial statements were available to be issued. Subsequent events occurring after September 20, 2010 have not been evaluated by management. No material events have occurred since June 30, 2010 that require recognition or disclosure in the financial statements.

Independent Auditors' Report on Supplemental Information

Board of Trustees
AMIkids, Inc.

Our audit of the basic combined financial statements included in the preceding section of this report was performed for the purpose of forming an opinion on those statements taken as a whole. The supplemental information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Handwritten signature in black ink that reads "Cross Fernandez & Riley LLP".

Certified Public Accountants

Tampa, Florida
September 20, 2010

AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2010

Schedule I

	AMIkids	AMIkids Acadiana	AMIkids Foundation	AMIkids Gainesville	AMIkids Family Services	AMIkids Baton Rouge	AMIkids Baxley Wilderness	AMIkids Bayou Region	AMIkids Beaufort
Assets									
Cash and Cash Equivalents	\$ 775,612	\$ 4,605	\$ 2,459,087	\$ 2,345	\$ 31,040	\$ 16,277	\$ 98,956	\$ 8,792	\$ 13,947
Investments	5,097,550	-	782,712	-	-	112,114	151,936	-	513,170
Accounts Receivable:									
Funding Agencies	4,764,731	28,966	-	-	-	66,559	-	26,718	8,843
Other	325,641	31,235	7,559	13,572	-	6,219	11,327	13,878	78,605
Prepaid Expenses and Other Assets	321,315	23,445	-	18,064	7,511	31,639	19,963	14,055	19,463
Due from Affiliates	11,622,587	128,212	-	43,874	194,012	565,844	103,772	236,578	100,859
Boat Inventory	3,475,325	-	-	-	-	-	-	-	-
Boats under Lease	6,830,320	-	-	-	-	-	-	-	-
Property and Equipment, Net	1,298,015	59,197	-	97,630	8,491	350,324	139,821	122,517	375,490
Restricted Investments	50,000	-	7,090	-	-	-	-	-	-
	<u>\$ 34,561,096</u>	<u>\$ 275,660</u>	<u>\$ 3,256,448</u>	<u>\$ 175,485</u>	<u>\$ 241,054</u>	<u>\$ 1,148,976</u>	<u>\$ 525,775</u>	<u>\$ 422,538</u>	<u>\$ 1,110,377</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ 212,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	290,467	10,710	-	9,360	2,852	6,517	8,113	5,840	3,684
Accrued Expenses	6,229,909	43,232	2,814	17,785	17,191	36,823	40,707	19,473	44,241
Accrued Pension	1,053,637	-	-	-	-	-	-	-	-
Due to Affiliates	3,724,511	618,593	2,311,522	332,880	7,188	27,394	19,592	18,199	18,727
Deferred Revenues	13,221	-	-	-	-	-	-	15,319	-
Security Deposits	1,688,064	-	-	-	-	-	-	-	-
Long Term Debt	870,212	-	-	4,417	-	122,023	-	-	48,000
Total Liabilities	<u>14,082,021</u>	<u>672,535</u>	<u>2,314,336</u>	<u>364,442</u>	<u>27,231</u>	<u>192,757</u>	<u>68,412</u>	<u>58,831</u>	<u>114,652</u>
Net Assets:									
Unrestricted	20,384,565	(396,875)	111,425	(189,657)	213,452	934,456	441,297	363,707	898,649
Temporarily Restricted	44,510	-	823,597	700	371	21,763	16,066	-	97,076
Permanently Restricted	50,000	-	7,090	-	-	-	-	-	-
Total Net Assets	<u>20,479,075</u>	<u>(396,875)</u>	<u>942,112</u>	<u>(188,957)</u>	<u>213,823</u>	<u>956,219</u>	<u>457,363</u>	<u>363,707</u>	<u>995,725</u>
	<u>\$ 34,561,096</u>	<u>\$ 275,660</u>	<u>\$ 3,256,448</u>	<u>\$ 175,485</u>	<u>\$ 241,054</u>	<u>\$ 1,148,976</u>	<u>\$ 525,775</u>	<u>\$ 422,538</u>	<u>\$ 1,110,377</u>

See Independent Auditors' Report on Supplemental Information

AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
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Schedule I

	AMIkids Big Cypress	AMIkids Bennettsville	AMIkids Sand Hills	AMIkids White Pines	AMIkids Alexandria	AMIkids Polk	AMIkids Donaldsonville	AMIkids Crossroads	AMIkids Miami Dade
Assets									
Cash and Cash Equivalents	\$ 49,689	\$ 779	\$ 3,640	\$ 98,475	\$ 27,583	\$ 64,110	\$ 4,775	\$ 150,679	\$ 115,087
Investments	-	-	-	-	-	-	-	394,568	-
Accounts Receivable:									
Funding Agencies	46,430	11,551	10,666	21,545	35,277	8,423	29,171	48,846	101,325
Other	15,200	9,854	6,457	10,190	28,984	4,036	10,150	18,568	53,133
Prepaid Expenses and Other Assets	15,119	22,667	22,429	32,827	23,692	17,203	10,581	28,337	46,782
Due from Affiliates	105,137	113,872	107,119	259,362	81,963	32,150	52,539	90,581	131,726
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	82,879	35,257	53,499	51,843	119,478	12,833	39,795	454,296	531,105
Restricted Investments	-	-	-	-	-	-	-	-	-
	<u>\$ 314,454</u>	<u>\$ 193,980</u>	<u>\$ 203,810</u>	<u>\$ 474,242</u>	<u>\$ 316,977</u>	<u>\$ 138,755</u>	<u>\$ 147,011</u>	<u>\$ 1,185,875</u>	<u>\$ 979,158</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	13,033	37,503	23,291	7,063	3,704	1,247	56,216	9,488	21,827
Accrued Expenses	54,022	58,671	49,863	235,587	49,408	8,946	42,191	64,993	82,968
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	258,022	270,766	34,400	32,504	294,088	9,712	328,583	30,979	32,103
Deferred Revenues	37,453	-	-	-	12,272	840	15,308	-	7,170
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	-	-	213	-	-	4,950	5,244	5,979	8,044
Total Liabilities	<u>362,530</u>	<u>366,940</u>	<u>107,767</u>	<u>275,154</u>	<u>359,472</u>	<u>25,695</u>	<u>447,542</u>	<u>111,439</u>	<u>152,112</u>
Net Assets:									
Unrestricted	(59,207)	(172,960)	95,647	198,755	(67,234)	111,305	(300,531)	1,067,018	754,176
Temporarily Restricted	11,131	-	396	333	24,739	1,755	-	7,418	72,870
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>(48,076)</u>	<u>(172,960)</u>	<u>96,043</u>	<u>199,088</u>	<u>(42,495)</u>	<u>113,060</u>	<u>(300,531)</u>	<u>1,074,436</u>	<u>827,046</u>
	<u>\$ 314,454</u>	<u>\$ 193,980</u>	<u>\$ 203,810</u>	<u>\$ 474,242</u>	<u>\$ 316,977</u>	<u>\$ 138,755</u>	<u>\$ 147,011</u>	<u>\$ 1,185,875</u>	<u>\$ 979,158</u>

See Independent Auditors' Report on Supplemental Information

AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2010

Schedule I

	AMIkids Emerald Coast	AMIkids Pensacola	AMIkids Last Chance Ranch	AMIkids Greater Ft. Lauderdale	AMIkids Georgia	AMIkids Georgetown	AMIkids Manatee County	AMIkids Sarasota County	AMIkids Infinity Schools
Assets									
Cash and Cash Equivalents	\$ 79,014	\$ 10,286	\$ 20,404	\$ 155,656	\$ -	\$ 286,270	\$ 15,066	\$ 199,904	\$ 2,774
Investments	-	48,788	-	-	-	-	-	310,455	-
Accounts Receivable:									
Funding Agencies	-	-	51,923	96,796	-	10,000	1,915	-	-
Other	8,354	64,206	5,236	7,354	82,121	11,168	2,163	3,150	37,747
Prepaid Expenses and Other Assets	27,424	23,657	18,204	37,396	-	15,632	21,453	10,790	2,811
Due from Affiliates	37,543	55,670	98,746	286,172	272,371	119,074	39,012	40,590	97,037
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	8,163	361,224	45,085	69,465	-	25,029	967,804	21,976	1,668
Restricted Investments	-	-	-	-	-	-	-	-	-
	<u>\$ 160,498</u>	<u>\$ 563,831</u>	<u>\$ 239,598</u>	<u>\$ 652,839</u>	<u>\$ 354,492</u>	<u>\$ 467,173</u>	<u>\$ 1,047,413</u>	<u>\$ 586,865</u>	<u>\$ 142,037</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	4,051	5,528	6,056	393	-	8,417	10,618	3,289	176
Accrued Expenses	18,864	46,750	72,143	64,314	-	37,600	70,240	21,896	4,503
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	163,797	17,052	210,260	18,382	-	17,386	455,276	14,026	10,559
Deferred Revenues	-	-	-	-	-	-	199,132	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	2,707	115,530	16,868	-	-	-	26,338	10,583	-
Total Liabilities	<u>189,419</u>	<u>184,860</u>	<u>305,327</u>	<u>83,089</u>	<u>-</u>	<u>63,403</u>	<u>761,604</u>	<u>49,794</u>	<u>15,238</u>
Net Assets:									
Unrestricted	(33,920)	369,905	(84,090)	550,383	36,518	246,059	273,185	524,197	121,620
Temporarily Restricted	4,999	9,066	18,361	19,367	317,974	157,711	12,624	12,874	5,179
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>(28,921)</u>	<u>378,971</u>	<u>(65,729)</u>	<u>569,750</u>	<u>354,492</u>	<u>403,770</u>	<u>285,809</u>	<u>537,071</u>	<u>126,799</u>
	<u>\$ 160,498</u>	<u>\$ 563,831</u>	<u>\$ 239,598</u>	<u>\$ 652,839</u>	<u>\$ 354,492</u>	<u>\$ 467,173</u>	<u>\$ 1,047,413</u>	<u>\$ 586,865</u>	<u>\$ 142,037</u>

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AMIkids, Inc. and Affiliates
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	AMIkids Georgia Properties	AMIkids Infinity Chicago	AMIkids Infinity Newberry	AMIkids Infinity Marlboro	AMIkids Infinity Sarasota	AMIkids Jacksonville	AMIkids Jefferson	AMIkids Middle Georgia	South Carolina Wilderness Institutes
Assets									
Cash and Cash Equivalents	\$ -	\$ 35,510	\$ 31,563	\$ 254	\$ 41,786	\$ 40,075	\$ 4,505	\$ 118,818	\$ -
Investments	-	-	-	-	-	356,792	-	410,751	-
Accounts Receivable:									
Funding Agencies	-	112,114	-	-	-	32,200	27,196	-	-
Other	-	5,168	-	550	4,291	11,742	5,485	6,015	-
Prepaid Expenses and Other Assets	-	43,948	-	6,381	-	124,605	13,956	16,976	-
Due from Affiliates	76,133	-	42,218	16,310	-	55,007	66,900	90,428	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	2,794,078	31,672	4,944	31,568	-	42,228	433,714	246,009	297,502
Restricted Investments	-	-	-	-	-	100,000	-	-	-
	<u>\$ 2,870,211</u>	<u>\$ 228,412</u>	<u>\$ 78,725</u>	<u>\$ 55,063</u>	<u>\$ 46,077</u>	<u>\$ 762,649</u>	<u>\$ 551,756</u>	<u>\$ 888,997</u>	<u>\$ 297,502</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	4,491	821	893	-	4,843	6,863	9,727	-
Accrued Expenses	-	22,173	53,192	7,999	2,291	31,743	25,684	45,022	-
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	-	382,629	15,011	13,958	6,798	17,021	1,022,118	15,763	-
Deferred Revenues	-	6,109	-	-	-	7,334	16,514	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	-	14,252	-	-	-	21,034	163,787	-	-
Total Liabilities	<u>-</u>	<u>429,654</u>	<u>69,024</u>	<u>22,850</u>	<u>9,089</u>	<u>81,975</u>	<u>1,234,966</u>	<u>70,512</u>	<u>-</u>
Net Assets:									
Unrestricted	2,870,211	(201,657)	9,701	26,076	36,988	568,340	(683,710)	817,985	297,502
Temporarily Restricted	-	415	-	6,137	-	12,334	500	500	-
Permanently Restricted	-	-	-	-	-	100,000	-	-	-
Total Net Assets	<u>2,870,211</u>	<u>(201,242)</u>	<u>9,701</u>	<u>32,213</u>	<u>36,988</u>	<u>680,674</u>	<u>(683,210)</u>	<u>818,485</u>	<u>297,502</u>
	<u>\$ 2,870,211</u>	<u>\$ 228,412</u>	<u>\$ 78,725</u>	<u>\$ 55,063</u>	<u>\$ 46,077</u>	<u>\$ 762,649</u>	<u>\$ 551,756</u>	<u>\$ 888,997</u>	<u>\$ 297,502</u>

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	AMIkids Pasco	AMIkids Norfolk	AMIkids Northeast Louisiana	AMIkids Orlando	AMIkids Palm Beach	AMIkids Panama City Marine Institute	AMIkids Piedmont	AMIkids Pinellas	AMIkids Peninsula
Assets									
Cash and Cash Equivalents	\$ 220,870	\$ 4,672	\$ 259,263	\$ 155,010	\$ 38,583	\$ 21,734	\$ 25,876	\$ 169,320	\$ -
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	29,322	37,364	102,120	-	-	2,318	9,366	-	-
Other	4,924	6,322	8,126	4,883	5,263	7,287	7,017	5,010	-
Prepaid Expenses and Other Assets	19,385	11,283	15,362	24,786	26,936	48,162	16,817	31,151	280,000
Due from Affiliates	239,240	-	54,636	56,369	44,937	44,362	107,334	54,828	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	584,233	51,540	282,021	97,654	301,726	778,284	133,596	163,956	-
Restricted Investments	-	-	-	-	-	-	-	-	-
	<u>\$ 1,097,974</u>	<u>\$ 111,181</u>	<u>\$ 721,528</u>	<u>\$ 338,702</u>	<u>\$ 417,445</u>	<u>\$ 902,147</u>	<u>\$ 300,006</u>	<u>\$ 424,265</u>	<u>\$ 280,000</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	2,529	6,681	2,012	5,508	18,725	16,001	4,730	2,443	-
Accrued Expenses	24,614	11,190	25,100	48,656	56,839	36,934	35,913	29,353	165,200
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	19,994	650,652	17,462	16,110	961,642	21,531	23,715	21,265	147,341
Deferred Revenues	-	22,443	29,282	719	-	1,000	-	827	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	138,651	11,342	-	113,643	11,383	500,136	71,454	-	-
Total Liabilities	<u>185,788</u>	<u>702,308</u>	<u>73,856</u>	<u>184,636</u>	<u>1,048,589</u>	<u>575,602</u>	<u>135,812</u>	<u>53,888</u>	<u>312,541</u>
Net Assets:									
Unrestricted	880,104	(591,127)	647,672	69,459	(633,774)	321,191	156,026	273,274	(32,541)
Temporarily Restricted	32,082	-	-	84,607	2,630	5,354	8,168	97,103	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>912,186</u>	<u>(591,127)</u>	<u>647,672</u>	<u>154,066</u>	<u>(631,144)</u>	<u>326,545</u>	<u>164,194</u>	<u>370,377</u>	<u>(32,541)</u>
	<u>\$ 1,097,974</u>	<u>\$ 111,181</u>	<u>\$ 721,528</u>	<u>\$ 338,702</u>	<u>\$ 417,445</u>	<u>\$ 902,147</u>	<u>\$ 300,006</u>	<u>\$ 424,265</u>	<u>\$ 280,000</u>

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AMIkids, Inc. and Affiliates
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Schedule I

	AMIkids Red River	AMIkids Rio Grande Valley	AMIkids Savannah River	AMIkids Louisiana Properties	AMIkids Southwest Florida	AMIkids Southwest Louisiana	AMIkids Space Coast	AMIkids Tallahassee	AMIkids Tampa
Assets									
Cash and Cash Equivalents	\$ 100,806	\$ 19,518	\$ 217,991	\$ -	\$ 341,642	\$ 57,043	\$ 306,146	\$ 58,700	\$ 7,681
Investments	-	-	465,540	-	157,551	-	-	-	-
Accounts Receivable:									
Funding Agencies	37,235	3,027	-	-	-	28,625	13,857	81,044	14,812
Other	10,009	-	21,442	-	7,663	8,956	3,025	9,261	7,885
Prepaid Expenses and Other Assets	20,951	24,060	47,024	32,342	23,509	20,504	16,353	18,999	23,491
Due from Affiliates	97,185	61,729	594,589	675,666	56,432	68,295	90,495	43,751	55,293
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	488,118	121,904	182,599	2,506,196	192,829	63,500	968,093	302,695	517,640
Restricted Investments	-	-	-	-	-	-	-	-	-
	<u>\$ 754,304</u>	<u>\$ 230,238</u>	<u>\$ 1,529,185</u>	<u>\$ 3,214,204</u>	<u>\$ 779,626</u>	<u>\$ 246,923</u>	<u>\$ 1,397,969</u>	<u>\$ 514,450</u>	<u>\$ 626,802</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,031
Accounts Payable	3,604	2,069	42,982	-	4,973	170	5,962	4,634	5,986
Accrued Expenses	27,932	34,764	178,993	-	59,867	24,756	34,288	35,350	25,358
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	27,293	455,580	41,940	-	14,013	577,273	17,515	17,195	57,715
Deferred Revenues	28,678	-	-	-	16,263	-	43,611	-	959
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	94,250	2,502	10,097	1,997,666	6,420	-	-	5,902	12,038
Total Liabilities	<u>181,757</u>	<u>494,915</u>	<u>274,012</u>	<u>1,997,666</u>	<u>101,536</u>	<u>602,199</u>	<u>101,376</u>	<u>63,081</u>	<u>104,087</u>
Net Assets:									
Unrestricted	561,346	(292,555)	1,252,673	1,216,538	672,865	(355,376)	1,215,513	451,369	510,326
Temporarily Restricted	11,201	27,878	2,500	-	5,225	100	81,080	-	12,389
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>572,547</u>	<u>(264,677)</u>	<u>1,255,173</u>	<u>1,216,538</u>	<u>678,090</u>	<u>(355,276)</u>	<u>1,296,593</u>	<u>451,369</u>	<u>522,715</u>
	<u>\$ 754,304</u>	<u>\$ 230,238</u>	<u>\$ 1,529,185</u>	<u>\$ 3,214,204</u>	<u>\$ 779,626</u>	<u>\$ 246,923</u>	<u>\$ 1,397,969</u>	<u>\$ 514,450</u>	<u>\$ 626,802</u>

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AMIkids, Inc. and Affiliates
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Schedule I

	AMIkids Volusia	AMIkids Virginia Wilderness	AMIkids West Florida	AMIkids WINGS South Florida	AMIkids Wings - Pennsylvania	AMIkids Wings- Texas	AMIkids YES
Assets							
Cash and Cash Equivalents	\$ 70,768	\$ 33,988	\$ 3,702	\$ 73,921	\$ 3,274	\$ 36,478	\$ 73,795
Investments	-	-	-	-	-	-	360,277
Accounts Receivable:							
Funding Agencies	4,520	225,821	35,525	10,594	-	1,503	42,394
Other	3,149	7,016	8,449	6,848	-	3,935	5,520
Prepaid Expenses and Other Assets	30,910	13,355	28,257	14,087	-	12,926	10,715
Due from Affiliates	39,499	1,930	99,826	92,184	-	75,680	197,555
Boat Inventory	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-
Property and Equipment, Net	40,967	650,828	129,630	76,653	-	353,641	190,056
Restricted Investments	-	-	-	-	-	-	-
	<u>\$ 189,813</u>	<u>\$ 932,938</u>	<u>\$ 305,389</u>	<u>\$ 274,287</u>	<u>\$ 3,274</u>	<u>\$ 484,163</u>	<u>\$ 880,312</u>
Liabilities and Net Assets							
Liabilities:							
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	8,530	11,938	11,650	14,572	-	4,116	4,654
Accrued Expenses	24,778	21,540	39,039	43,779	164	30,417	39,567
Accrued Pension	-	-	-	-	-	-	-
Due to Affiliates	295,200	260,003	740,053	1,262,267	2,500	1,774,543	14,629
Deferred Revenues	22,715	-	-	47,505	-	-	-
Security Deposits	-	-	-	-	-	-	-
Long Term Debt	-	-	2,192	4,328	-	-	10,142
Total Liabilities	<u>351,223</u>	<u>293,481</u>	<u>792,934</u>	<u>1,372,451</u>	<u>2,664</u>	<u>1,809,076</u>	<u>68,992</u>
Net Assets:							
Unrestricted	(161,410)	639,457	(493,841)	(1,154,123)	610	(1,349,108)	734,465
Temporarily Restricted	-	-	6,296	55,959	-	24,195	76,855
Permanently Restricted	-	-	-	-	-	-	-
Total Net Assets	<u>(161,410)</u>	<u>639,457</u>	<u>(487,545)</u>	<u>(1,098,164)</u>	<u>610</u>	<u>(1,324,913)</u>	<u>811,320</u>
	<u>\$ 189,813</u>	<u>\$ 932,938</u>	<u>\$ 305,389</u>	<u>\$ 274,287</u>	<u>\$ 3,274</u>	<u>\$ 484,163</u>	<u>\$ 880,312</u>

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AMIkids, Inc. and Affiliates
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Schedule I

	Total	Eliminations	Total
Assets			
Cash and Cash Equivalents	\$ 7,268,144	\$ -	\$ 7,268,144
Investments	9,162,204	-	9,162,204
Accounts Receivable:		-	
Funding Agencies	6,220,642	-	6,220,642
Other	1,051,348	(137,604)	913,744
Prepaid Expenses and Other Assets	1,849,690	(275,501)	1,574,189
Due from Affiliates	18,215,213	(18,215,213)	-
Boat Inventory	3,475,325	-	3,475,325
Boats under Lease	6,830,320	-	6,830,320
Property and Equipment, Net	18,392,958	-	18,392,958
Restricted Investments	157,090	-	157,090
	<u>\$ 72,622,934</u>	<u>\$ (18,628,318)</u>	<u>\$ 53,994,616</u>
Liabilities and Net Assets			
Liabilities:			
Lines of Credit	\$ 214,031	\$ -	\$ 214,031
Accounts Payable	761,550	(27,984)	733,566
Accrued Expenses	8,677,629	(1,603,965)	7,073,664
Accrued Pension	1,053,637	-	1,053,637
Due to Affiliates	18,187,230	(18,187,230)	-
Deferred Revenues	544,674	-	544,674
Security Deposits	1,688,064	-	1,688,064
Long Term Debt	4,432,327	-	4,432,327
Total Liabilities	<u>35,559,142</u>	<u>(19,819,179)</u>	<u>15,739,963</u>
Net Assets:			
Unrestricted	34,672,314	1,190,861	35,863,175
Temporarily Restricted	2,234,388	-	2,234,388
Permanently Restricted	157,090	-	157,090
Total Net Assets	<u>37,063,792</u>	<u>1,190,861</u>	<u>38,254,653</u>
	<u>\$ 72,622,934</u>	<u>\$ (18,628,318)</u>	<u>\$ 53,994,616</u>

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AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2010

Schedule II

	AMikids	AMikids Acadiana	AMikids Foundation	AMikids Gainesville	AMikids Family Services	AMikids Baton Rouge	AMikids Baxley Wilderness	AMikids Bayou Region	AMikids Beaufort
Public Support and revenue:									
State support:									
Florida	\$ 3,017,695	\$ -	\$ -	\$ 512,017	\$ 504,729	\$ -	\$ -	\$ -	\$ -
South Carolina	1,403,895	-	-	-	-	-	-	-	1,051,796
Louisiana	1,392,246	1,526,614	-	-	-	1,015,424	-	725,679	-
Georgia	1,658,786	-	-	-	-	-	1,244,231	-	-
Texas	300,414	-	-	-	-	-	-	-	-
Pennsylvania	25,651	-	-	-	-	-	-	-	-
Regional Funds	231,657	280,978	-	320,514	-	315,251	197,728	294,373	104,631
Contributions	157,805	7,100	348,046	6,386	295	24,248	7,198	6,559	80,489
Total Public Support	<u>8,188,149</u>	<u>1,814,692</u>	<u>348,046</u>	<u>838,917</u>	<u>505,024</u>	<u>1,354,923</u>	<u>1,449,157</u>	<u>1,026,611</u>	<u>1,236,916</u>
Revenue									
Boat Program	5,198,648	-	-	-	-	-	-	-	-
Investment income (loss)	517,387	-	100,911	4	59	1,689	3,010	116	10,140
Other	831,524	20,000	-	8,090	-	694	8,792	97	126,670
Total revenue	<u>6,547,559</u>	<u>20,000</u>	<u>100,911</u>	<u>8,094</u>	<u>59</u>	<u>2,383</u>	<u>11,802</u>	<u>213</u>	<u>136,810</u>
Total public support and revenue	<u>14,735,708</u>	<u>1,834,692</u>	<u>448,957</u>	<u>847,011</u>	<u>505,083</u>	<u>1,357,306</u>	<u>1,460,959</u>	<u>1,026,824</u>	<u>1,373,726</u>
Expenses									
Program Services	-	1,889,744	-	860,958	437,319	1,370,046	1,448,573	1,011,613	1,432,779
Management and general	8,635,172	53,571	-	38,591	14,659	25,207	23,530	28,069	36,468
Fundraising	467,659	-	399,408	-	-	-	-	-	-
Boat Program	5,022,742	-	-	-	-	-	-	-	-
Total expenses	<u>14,125,573</u>	<u>1,943,315</u>	<u>399,408</u>	<u>899,549</u>	<u>451,978</u>	<u>1,395,253</u>	<u>1,472,103</u>	<u>1,039,682</u>	<u>1,469,247</u>
Change in net assets	610,135	(108,623)	49,549	(52,538)	53,105	(37,947)	(11,144)	(12,858)	(95,521)
Net assets, beginning of the year	19,868,940	(288,252)	892,563	(136,419)	160,718	994,166	468,507	376,565	1,091,246
Net assets, end of the year	<u>\$ 20,479,075</u>	<u>\$ (396,875)</u>	<u>\$ 942,112</u>	<u>\$ (188,957)</u>	<u>\$ 213,823</u>	<u>\$ 956,219</u>	<u>\$ 457,363</u>	<u>\$ 363,707</u>	<u>\$ 995,725</u>

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AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2010

Schedule II

	AMIkids Big Cypress	AMIkids Bennettsville	AMIkids Sand Hills	AMIkids White Pines	AMIkids Alexandria	AMIkids Polk	AMIkids Donaldsonville	AMIkids Crossroads	AMIkids Miami Dade
Public Support and revenue:									
State support:									
Florida	\$ 1,118,258	\$ -	\$ -	\$ -	\$ -	\$ 400,176	\$ -	\$ 968,000	\$ 1,091,819
South Carolina	-	1,240,635	1,252,588	2,470,683	-	-	-	-	-
Louisiana	-	-	-	-	858,114	-	648,210	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	-	-	-	-
Regional Funds	447,887	97,018	85,230	158,056	417,486	33,871	288,152	594,676	1,158,354
Contributions	74,076	84,841	143,382	123,796	41,462	12,534	7,979	27,096	155,328
Total Public Support	1,640,221	1,422,494	1,481,200	2,752,535	1,317,062	446,581	944,341	1,589,772	2,405,501
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	499	2	14	229	-	-	-	45,285	31
Other	28,086	793	5,274	32,903	287	-	5,587	2,305	57,180
Total revenue	28,585	795	5,288	33,132	287	-	5,587	47,590	57,211
Total public support and revenue	1,668,806	1,423,289	1,486,488	2,785,667	1,317,349	446,581	949,928	1,637,362	2,462,712
Expenses									
Program Services	1,565,593	1,577,376	1,502,206	2,962,656	1,174,808	420,231	966,933	1,603,449	2,403,117
Management and general	69,195	27,487	21,689	51,112	26,136	13,011	34,749	67,328	75,504
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	1,634,788	1,604,863	1,523,895	3,013,768	1,200,944	433,242	1,001,682	1,670,777	2,478,621
Change in net assets	34,018	(181,574)	(37,407)	(228,101)	116,405	13,339	(51,754)	(33,415)	(15,909)
Net assets, beginning of the year	(82,094)	8,614	133,450	427,189	(158,900)	99,721	(248,777)	1,107,851	842,955
Net assets, end of the year	\$ (48,076)	\$ (172,960)	\$ 96,043	\$ 199,088	\$ (42,495)	\$ 113,060	\$ (300,531)	\$ 1,074,436	\$ 827,046

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AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
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Schedule II

	AMikids Emerald Coast	AMikids Pensacola	AMikids Last Chance Ranch	AMikids Greater Ft. Lauderdale	AMikids Georgia	AMikids Georgetown	AMikids Manatee County	AMikids Sarasota County	AMikids Infinity Schools
Public Support and revenue:									
State support:									
Florida	\$ 450,859	\$ 544,410	\$ 947,662	\$ 571,816	\$ -	\$ -	\$ 462,406	\$ 307,844	\$ -
South Carolina	-	-	-	-	-	1,114,358	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	-	-	-	-
Regional Funds	356,095	429,412	289,566	737,569	-	83,786	533,239	679,093	389,509
Contributions	10,329	22,519	11,987	9,798	84,650	64,070	6,506	84,694	520
Total Public Support	<u>817,283</u>	<u>996,341</u>	<u>1,249,215</u>	<u>1,319,183</u>	<u>84,650</u>	<u>1,262,214</u>	<u>1,002,151</u>	<u>1,071,631</u>	<u>390,029</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	61	3,987	15	3,119	36,391	959	50	5,925	210
Other	4,154	208	82,984	4,239	-	19,471	24	6,077	-
Total revenue	<u>4,215</u>	<u>4,195</u>	<u>82,999</u>	<u>7,358</u>	<u>36,391</u>	<u>20,430</u>	<u>74</u>	<u>12,002</u>	<u>210</u>
Total public support and revenue	<u>821,498</u>	<u>1,000,536</u>	<u>1,332,214</u>	<u>1,326,541</u>	<u>121,041</u>	<u>1,282,644</u>	<u>1,002,225</u>	<u>1,083,633</u>	<u>390,239</u>
Expenses									
Program Services	723,094	1,006,125	1,270,861	1,230,177	-	1,455,910	861,169	975,690	314,824
Management and general	27,786	49,406	44,510	52,373	-	24,748	34,965	41,613	61,834
Fundraising	-	-	-	-	4,479	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>750,880</u>	<u>1,055,531</u>	<u>1,315,371</u>	<u>1,282,550</u>	<u>4,479</u>	<u>1,480,658</u>	<u>896,134</u>	<u>1,017,303</u>	<u>376,658</u>
Change in net assets	70,618	(54,995)	16,843	43,991	116,562	(198,014)	106,091	66,330	13,581
Net assets, beginning of the year	(99,539)	433,966	(82,572)	525,759	237,930	601,784	179,718	470,741	113,218
Net assets, end of the year	<u>\$ (28,921)</u>	<u>\$ 378,971</u>	<u>\$ (65,729)</u>	<u>\$ 569,750</u>	<u>\$ 354,492</u>	<u>\$ 403,770</u>	<u>\$ 285,809</u>	<u>\$ 537,071</u>	<u>\$ 126,799</u>

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Georgia Properties	AMikids Infinity Chicago	AMikids Infinity Newberry	AMikids Infinity Marlboro	AMikids Infinity Sarasota	AMikids Jacksonville	AMikids Jefferson	AMikids Middle Georgia	South Carolina Wilderness Institutes
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522,126	\$ -	\$ -	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	793,188	-	-
Georgia	-	-	-	-	-	-	-	1,138,657	-
Texas	-	-	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	-	-	-	-
Regional Funds	-	1,384,434	500,000	403,817	330,152	519,691	211,477	220,673	-
Contributions	-	9,981	322,262	18,787	34,544	12,648	7,121	3,630	297,502
Total Public Support	-	1,394,415	822,262	422,604	364,696	1,054,465	1,011,786	1,362,960	297,502
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	1,133	244	200	127	176	15,303	118	9,018	-
Other	620,000	14,267	-	3,177	7,508	7,801	-	826	-
Total revenue	621,133	14,511	200	3,304	7,684	23,104	118	9,844	-
Total public support and revenue	621,133	1,408,926	822,462	425,908	372,380	1,077,569	1,011,904	1,372,804	297,502
Expenses									
Program Services	673,678	1,178,488	799,456	400,372	338,717	1,097,947	977,978	1,383,972	-
Management and general	-	198,717	81,991	65,775	56,115	50,075	49,689	43,734	-
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	673,678	1,377,205	881,447	466,147	394,832	1,148,022	1,027,667	1,427,706	-
Change in net assets	(52,545)	31,721	(58,985)	(40,239)	(22,452)	(70,453)	(15,763)	(54,902)	297,502
Net assets, beginning of the year	2,922,756	(232,963)	68,686	72,452	59,440	751,127	(667,447)	873,387	-
Net assets, end of the year	\$ 2,870,211	\$ (201,242)	\$ 9,701	\$ 32,213	\$ 36,988	\$ 680,674	\$ (683,210)	\$ 818,485	\$ 297,502

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AMikids, Inc. and Affiliates
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Year Ended June 30, 2010

Schedule II

	AMikids Pasco	AMikids Norfolk	AMikids Northeast Louisiana	AMikids Orlando	AMikids Palm Beach	AMikids Panama City Marine Institute	AMikids Piedmont	AMikids Pinellas	AMikids Peninsula
Public Support and revenue:									
State support:									
Florida	\$ 507,378	\$ -	\$ -	\$ 522,057	\$ 510,348	\$ 517,300	\$ -	\$ 525,881	\$ -
South Carolina	-	-	-	-	-	-	1,114,357	-	-
Louisiana	-	-	898,821	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	-	-	-	-
Regional Funds	352,291	506,660	334,546	432,894	268,852	719,787	77,332	425,206	3,640
Contributions	7,952	9,890	2,251	69,390	8,442	39,997	32,912	72,024	40
Total Public Support	<u>867,621</u>	<u>516,550</u>	<u>1,235,618</u>	<u>1,024,341</u>	<u>787,642</u>	<u>1,277,084</u>	<u>1,224,601</u>	<u>1,023,111</u>	<u>3,680</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	16,255	-	11	395	548	-	85	542	-
Other	3,757	288	-	7,418	8,978	48,235	333	28,726	3
Total revenue	<u>20,012</u>	<u>288</u>	<u>11</u>	<u>7,813</u>	<u>9,526</u>	<u>48,235</u>	<u>418</u>	<u>29,268</u>	<u>3</u>
Total public support and revenue	<u>887,633</u>	<u>516,838</u>	<u>1,235,629</u>	<u>1,032,154</u>	<u>797,168</u>	<u>1,325,319</u>	<u>1,225,019</u>	<u>1,052,379</u>	<u>3,683</u>
Expenses									
Program Services	897,889	541,825	1,108,155	977,369	960,633	1,292,065	1,191,495	982,291	19,762
Management and general	39,025	153,673	45,201	53,555	52,991	47,155	25,266	28,628	1,771
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>936,914</u>	<u>695,498</u>	<u>1,153,356</u>	<u>1,030,924</u>	<u>1,013,624</u>	<u>1,339,220</u>	<u>1,216,761</u>	<u>1,010,919</u>	<u>21,533</u>
Change in net assets	(49,281)	(178,660)	82,273	1,230	(216,456)	(13,901)	8,258	41,460	(17,850)
Net assets, beginning of the year	961,467	(412,467)	565,399	152,836	(414,688)	340,446	155,936	328,917	(14,691)
Net assets, end of the year	<u>\$ 912,186</u>	<u>\$ (591,127)</u>	<u>\$ 647,672</u>	<u>\$ 154,066</u>	<u>\$ (631,144)</u>	<u>\$ 326,545</u>	<u>\$ 164,194</u>	<u>\$ 370,377</u>	<u>\$ (32,541)</u>

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Red River	AMikids Rio Grande Valley	AMikids Savannah River	AMikids Louisiana Properties	AMikids Southwest Florida	AMikids Southwest Louisiana	AMikids Space Coast	AMikids Tallahassee	AMikids Tampa
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ -	\$ 528,920	\$ -	\$ 982,928	\$ 585,425	\$ 515,449
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	899,800	-	-	-	-	836,454	-	-	-
Georgia	-	-	7,016,901	-	-	-	-	-	-
Texas	-	780,167	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	-	-	-	-
Regional Funds	333,918	70,571	37,468	-	486,154	306,852	375,765	356,684	425,980
Contributions	22,770	19,814	80,564	545,000	18,804	4,130	70,214	15,242	39,753
Total Public Support	<u>1,256,488</u>	<u>870,552</u>	<u>7,134,933</u>	<u>545,000</u>	<u>1,033,878</u>	<u>1,147,436</u>	<u>1,428,907</u>	<u>957,351</u>	<u>981,182</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	7	11,477	1,023	6,670	88	324	-	5
Other	2,688	5,177	2,060	410,688	22,944	1,697	106,782	23,829	44,896
Total revenue	<u>2,688</u>	<u>5,184</u>	<u>13,537</u>	<u>411,711</u>	<u>29,614</u>	<u>1,785</u>	<u>107,106</u>	<u>23,829</u>	<u>44,901</u>
Total public support and revenue	<u>1,259,176</u>	<u>875,736</u>	<u>7,148,470</u>	<u>956,711</u>	<u>1,063,492</u>	<u>1,149,221</u>	<u>1,536,013</u>	<u>981,180</u>	<u>1,026,083</u>
Expenses									
Program Services	1,155,661	1,003,409	6,933,149	236,897	1,000,797	1,002,046	1,493,867	1,064,768	1,037,825
Management and general	34,143	17,452	73,637	-	29,939	19,765	39,795	36,974	34,601
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>1,189,804</u>	<u>1,020,861</u>	<u>7,006,786</u>	<u>236,897</u>	<u>1,030,736</u>	<u>1,021,811</u>	<u>1,533,662</u>	<u>1,101,742</u>	<u>1,072,426</u>
Change in net assets	69,372	(145,125)	141,684	719,814	32,756	127,410	2,351	(120,562)	(46,343)
Net assets, beginning of the year	503,175	(119,552)	1,113,489	496,724	645,334	(482,686)	1,294,242	571,931	569,058
Net assets, end of the year	<u>\$ 572,547</u>	<u>\$ (264,677)</u>	<u>\$ 1,255,173</u>	<u>\$ 1,216,538</u>	<u>\$ 678,090</u>	<u>\$ (355,276)</u>	<u>\$ 1,296,593</u>	<u>\$ 451,369</u>	<u>\$ 522,715</u>

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AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
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Schedule II

	AMikids Volusia	AMikids Virginia Wilderness	AMikids West Florida	AMikids WINGS South Florida	AMikids Wings - Pennsylvania	AMikids Wings- Texas	AMikids YES
Public Support and revenue:							
State support:							
Florida	\$ 447,454	\$ -	\$ 1,084,699	\$ 972,434	\$ -	\$ -	\$ 997,884
South Carolina	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-
Texas	-	-	-	-	-	922,181	-
Pennsylvania	-	-	-	-	145,319	-	-
Regional Funds	443,421	642,758	402,886	292,879	21,799	31,913	390,241
Contributions	2,725	3,892	11,512	63,640	20,413	30,106	24,880
Total Public Support	<u>893,600</u>	<u>646,650</u>	<u>1,499,097</u>	<u>1,328,953</u>	<u>187,531</u>	<u>984,200</u>	<u>1,413,005</u>
Revenue							
Boat Program	-	-	-	-	-	-	-
Investment income (loss)	28	301	129	388	-	59	36,777
Other	-	250	159	7,983	1,152,078	854	8,023
Total revenue	<u>28</u>	<u>551</u>	<u>288</u>	<u>8,371</u>	<u>1,152,078</u>	<u>913</u>	<u>44,800</u>
Total public support and revenue	<u>893,628</u>	<u>647,201</u>	<u>1,499,385</u>	<u>1,337,324</u>	<u>1,339,609</u>	<u>985,113</u>	<u>1,457,805</u>
Expenses							
Program Services	812,982	713,700	1,670,594	1,607,236	554,076	1,010,982	1,465,544
Management and general	33,593	112,525	39,442	72,408	15,785	28,683	55,385
Fundraising	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-
Total expenses	<u>846,575</u>	<u>826,225</u>	<u>1,710,036</u>	<u>1,679,644</u>	<u>569,861</u>	<u>1,039,665</u>	<u>1,520,929</u>
Change in net assets	47,053	(179,024)	(210,651)	(342,320)	769,748	(54,552)	(63,124)
Net assets, beginning of the year	(208,463)	818,481	(276,894)	(755,844)	(769,138)	(1,270,361)	874,444
Net assets, end of the year	<u>\$ (161,410)</u>	<u>\$ 639,457</u>	<u>\$ (487,545)</u>	<u>\$ (1,098,164)</u>	<u>\$ 610</u>	<u>\$ (1,324,913)</u>	<u>\$ 811,320</u>

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AMIkids, Inc. and Affiliates
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Schedule II

	Total	Eliminations	Total
Public Support and revenue:			
State support:			
Florida	\$ 20,117,974	\$ -	\$ 20,117,974
South Carolina	9,648,312	-	9,648,312
Louisiana	9,594,550	-	9,594,550
Georgia	11,058,575	-	11,058,575
Texas	2,002,762	-	2,002,762
Pennsylvania	170,970	-	170,970
Regional Funds	19,834,872	(182,000)	19,652,872
Contributions	3,526,525	(1,136,571)	2,389,954
Total Public Support	<u>75,954,540</u>	<u>(1,318,571)</u>	<u>74,635,969</u>
Revenue			
Boat Program	5,198,648	-	5,198,648
Investment income (loss)	831,524	(272,414)	559,110
Other	3,786,864	(3,020,825)	766,039
Total revenue	<u>9,817,036</u>	<u>(3,293,239)</u>	<u>6,523,797</u>
Total public support and revenue	<u>85,771,576</u>	<u>(4,611,810)</u>	<u>81,159,766</u>
Expenses			
Program Services	68,050,876	(2,519,791)	65,531,085
Management and general	11,216,201	(1,868,244)	9,347,957
Fundraising	871,546	(282,146)	589,400
Boat Program	5,022,742	-	5,022,742
Total expenses	<u>85,161,365</u>	<u>(4,670,181)</u>	<u>80,491,184</u>
Change in net assets	610,211	58,371	668,582
Net assets, beginning of the year	36,453,581	1,132,490	37,586,071
Net assets, end of the year	<u>\$ 37,063,792</u>	<u>\$ 1,190,861</u>	<u>\$ 38,254,653</u>

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AMikids, Inc. and Affiliates
Public Support and Revenue Information

Schedule III

For the Year Ended June 30, 2010

	<u>State</u>	<u>School Districts</u>	<u>WIA</u>	<u>Other Federal Grants</u>	<u>United Way</u>	<u>Other Local Grants</u>	<u>Contributions</u>	<u>Boat Program</u>	<u>Other</u>	<u>Combined Support & Revenue</u>
Florida	\$ 20,117,974	9,700,574	\$ 173,053	\$ 1,823,856	\$ 514,228	\$ 212,619	\$ 1,419,685	\$ 5,198,648	\$ 2,106,996	\$ 41,267,633
Georgia	11,058,575	345,866	-	110,003	-	-	176,042	-	692,707	12,383,193
Illinois	-	1,351,933	-	32,501	-	-	9,980	-	14,512	1,408,926
Louisiana	9,594,550	2,079,252	-	649,359	54,000	423	668,620	-	444,782	13,490,986
Pennsylvania	170,970	(800)	-	22,599	-	-	20,413	-	1,152,078	1,365,260
South Carolina	9,648,312	1,329,205	-	147,409	33,256	-	1,168,043	-	200,377	12,526,602
Texas	2,002,762	58,742	-	40,183	-	3,560	49,920	-	6,096	2,161,263
Virginia	-	61,827	-	134,995	-	956,229	13,822	-	841	1,167,714
	<u>52,593,143</u>	<u>14,926,599</u>	<u>173,053</u>	<u>2,960,905</u>	<u>601,484</u>	<u>1,172,831</u>	<u>3,526,525</u>	<u>5,198,648</u>	<u>4,618,389</u>	<u>85,771,577</u>
Less Intercompany Revenue	-	-	-	(182,000)	-	-	(1,136,571)	-	(3,293,240)	(4,611,811)
Total Public Support & Revenue	<u>\$ 52,593,143</u>	<u>\$ 14,926,599</u>	<u>\$ 173,053</u>	<u>\$ 2,778,905</u>	<u>\$ 601,484</u>	<u>\$ 1,172,831</u>	<u>\$ 2,389,954</u>	<u>\$ 5,198,648</u>	<u>\$ 1,325,149</u>	<u>\$ 81,159,766</u>

For the Year Ended June 30, 2009

	<u>State</u>	<u>School Districts</u>	<u>WIA</u>	<u>Other Federal Grants</u>	<u>United Way</u>	<u>Other Local Grants</u>	<u>Contributions</u>	<u>Boat Program</u>	<u>Other</u>	<u>Combined Support & Revenue</u>
Florida	\$ 20,499,031	\$ 10,377,551	\$ 15,843	\$ 1,076,785	\$ 595,931	\$ 154,287	\$ 2,246,610	\$ 5,739,940	\$ 1,363,324	\$ 42,069,302
Georgia	11,488,177	736,967	-	101,060	(300)	-	3,170,208	-	414,459	15,910,571
Illinois	-	1,340,466	-	27,289	-	-	9,437	-	9,366	1,386,558
Louisiana	9,714,729	1,731,977	-	595,360	48,883	44,663	562,213	-	230,282	12,928,107
Pennsylvania	1,293,302	29,547	-	22,040	-	-	42,693	-	-	1,387,582
South Carolina	10,484,319	1,764,200	-	257,458	36,844	-	911,711	-	262,804	13,717,336
Texas	2,328,525	67,475	-	54,296	3,390	-	55,331	-	19,349	2,528,366
Virginia	812,308	284,849	-	91,560	2,564	427,128	11,416	-	18,284	1,648,109
	<u>56,620,391</u>	<u>16,333,032</u>	<u>15,843</u>	<u>2,225,848</u>	<u>687,312</u>	<u>626,078</u>	<u>7,009,619</u>	<u>5,739,940</u>	<u>2,317,868</u>	<u>91,575,931</u>
Less Intercompany Revenue	-	-	-	182,000	-	-	(3,962,530)	-	(1,613,964)	(5,394,494)
Total Public Support & Revenue	<u>\$ 56,620,391</u>	<u>\$ 16,333,032</u>	<u>\$ 15,843</u>	<u>\$ 2,407,848</u>	<u>\$ 687,312</u>	<u>\$ 626,078</u>	<u>\$ 3,047,089</u>	<u>\$ 5,739,940</u>	<u>\$ 703,904</u>	<u>\$ 86,181,437</u>

See Independent Auditors' Report on Supplemental Information

**Reports Required by
Government Auditing Standards,
OMB Circular A-133,
the Florida Single Audit Act and the
State of Texas Single Audit Circular**

AMikids, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2010

<u>Federal Agency/ Program</u>	<u>CFDA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<u>Department of Agriculture</u> (passed through Florida and Louisiana Departments of Education):			
School Breakfast Program	10.553	01-0233 (Florida)	\$294,650
School Breakfast Program	10.553	N/A (Louisiana)	17,646
National School Lunch Program	10.555	01-0233 (Florida)	590,285
National School Lunch Program	10.555	N/A (Louisiana)	37,981
Total Expenditures of Federal Awards – Child Nutrition Cluster			<u>\$940,562</u>
<u>State Agency/State Project</u>	<u>CSFA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<u>Florida Department of Juvenile Justice:</u>			
Delinquency Non-secure Residential Services	80.016	K8H03, R2003, R2055, R2012, R2014, U7G02	\$ 7,163,455
Delinquency Secure Residential Contracted Facilities	80.017	S9G01	1,156,385
Conditional Release Services	80.018	B5101	77,614
Day Treatment Services	80.021	P2003, P2011, V8S02	11,720,519
Total Expenditures of State Financial Assistance – Florida			<u>\$20,117,973</u>
<u>Texas Youth Commission:</u>			
Residential Services	N/A	RS05453, RS05376	\$2,002,762
Total Expenditures of State Financial Assistance - Texas			<u>\$2,002,762</u>

Note 1 – Basis of Presentation

The schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of AMikids, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, Chapter 3A-5, Rules of the Florida Department of Banking and Finance and the Texas Uniform Grant Management Standards issued by the Governor’s Office of Budget and Planning. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.



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

Board of Trustees
AMikids, Inc.

We have audited the combined financial statements of AMikids, Inc. and Affiliates as of and for the year ended June 30, 2010, and have issued our report thereon dated September 20, 2010. 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, Inc. and Affiliates' 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 the AMikids, Inc. and Affiliates' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the AMikids, Inc. and Affiliates' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, Inc. and Affiliates' combined 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 federal 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

Tampa, Florida
September 20, 2010



Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Trustees
AMikids, Inc.

Compliance

We have audited the compliance of AMikids, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, the requirements described in the *State of Florida Executive Office of the Governor's State Projects Compliance Supplement* and *State of Texas Uniform Grants Management Standards* that are applicable to its major federal program and each of its state projects for the year ended June 30, 2010. AMikids, Inc.'s major federal program and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and each of its state projects is the responsibility of AMikids, Inc.'s management. Our responsibility is to express an opinion on AMikids, Inc.'s compliance based on our audit.

AMikids, Inc. and Affiliates' combined financial statements include the operations of over fifty affiliated legal entities (the "Institutes"), which received \$2,011,396 in total federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2010. Our audit, described below, did not include the operations of the Institutes because the federal awards for each Institute was individually below the single audit threshold.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; State of Florida, Chapter 10.650, Rules of the Auditor General; and the State of Texas Uniform Grant Management Standards issued by the Governors' Office of Budget and Planning. Those standards and OMB Circular A-133 and regulations in the States of Florida and Texas require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about AMikids, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of AMikids, Inc.'s compliance with those requirements.

In our opinion, AMikids, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and each of its state projects for the year ended June 30, 2010.

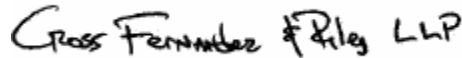
Internal Control Over Compliance

Management of AMIkids, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered AMIkids, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and regulations issued by the States of Florida and Texas, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AMIkids, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal 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.



Certified Public Accountants

Tampa, Florida
September 20, 2010

AMikids, Inc.
Schedule of Findings and Questioned Costs – Federal Program and State Projects
Year Ended June 30, 2010

Year ended June 30, 2010

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material conditions? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Program and State Projects

Internal control over major programs and projects:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors’ report issued on compliance for major programs and projects: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Any audit findings disclosed that are required to be reported under Florida Section 10.656, Rules of the Auditor General? _____ Yes X No

Any audit comments or recommendations reported in a separate letter as required by Florida Section 10.654(1)(e), Rules of the Auditor General? _____ Yes X No

Any audit comments or recommendations reported in a separate letter as required by Texas Rule 5.167; State of Texas Single Audit Circular? _____ Yes X No

<u>Federal CFDA Number</u>	<u>Name of Federal Program</u>
10.553	School Breakfast Program
10.555	National School Lunch Program

<u>State of Florida CFSA Number</u>	<u>Name of State Project</u>
80.017	Delinquency Secure Residential Contracted Facilities
80.021	Day Treatment Services
<u>State of Texas grant number</u>	<u>Name of State Project</u>
RS05453	Residential Services
RS05376	Residential Services

Dollar threshold used to distinguish between type A and type B programs and projects:

Major federal programs	<u>\$300,000</u>
Major state projects – Florida	<u>\$603,539</u>
Major state projects – Texas	<u>\$300,000</u>

Auditee qualified as low-risk auditee pursuant to OMB

Circular A-133? X Yes No

Section II – Financial Statement Findings

No matters were reported.

Section III – Findings and Questioned Costs

No matters were reported.

Section IV – Summary Schedule of Prior Year Findings

No matters were reported in the prior year.