

AMlkids, Inc. and Affiliates
Combined Financial Statements and Schedules
Year ended June 30, 2011
(With comparative information for 2010)

AMIkids, Inc. and Affiliates
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Year ended June 30, 2011
(With comparative financial information for 2010)

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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, 2011, 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 2010 has been derived from the combined financial statements of AMikids, Inc. and Affiliates as of and for the year ended June 30, 2010, and, in our report dated September 20, 2010, 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, 2011, 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 16, 2011 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*; Rules of the Florida Department of Financial Services, Chapter 69I-5, Florida Administrative Code, 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 16, 2011

AMIkids, Inc. and Affiliates
Combined Statement of Financial Position
June 30, 2011
(With comparative financial information for 2010)

	<u>2011</u>	<u>2010</u>
Assets		
Cash and Cash Equivalents	\$ 9,822,645	\$ 7,268,144
Investments	9,233,411	9,319,294
Accounts Receivable:		
Funding Agencies	4,496,078	6,220,642
Other	1,304,653	913,744
Prepaid Expenses and Other Assets	1,758,099	1,574,189
Boat Inventory	3,040,069	3,475,325
Boats under Lease	7,121,095	6,830,320
Property and Equipment, Net	17,328,768	18,392,958
	<u>\$ 54,104,818</u>	<u>\$ 53,994,616</u>
Liabilities and Net Assets		
Liabilities:		
Lines of Credit	\$ 1,473	\$ 214,031
Accounts Payable	1,441,770	733,566
Accrued Expenses	7,765,540	7,073,664
Accrued Pension	1,380,934	1,053,637
Deferred Revenues	347,078	544,674
Security Deposits	1,695,170	1,688,064
Notes Payable	3,891,177	4,432,327
Total Liabilities	<u>16,523,142</u>	<u>15,739,963</u>
Net Assets:		
Unrestricted	34,573,569	35,863,175
Temporarily Restricted	2,851,017	2,234,388
Permanently Restricted	157,090	157,090
Total Net Assets	<u>37,581,676</u>	<u>38,254,653</u>
	<u>\$ 54,104,818</u>	<u>\$ 53,994,616</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, 2011
(With summarized financial information for 2010)

	Unrestricted	Temporarily restricted	Permanently restricted	Totals	
				2011	2010
Public support and revenue:					
State support:					
Florida	\$ 20,058,266	\$ -	\$ -	\$ 20,058,266	\$ 20,117,974
South Carolina	8,338,623	-	-	8,338,623	9,648,312
Louisiana	8,669,111	-	-	8,669,111	9,594,550
Georgia	10,849,086	-	-	10,849,086	11,058,575
Texas	896,429	-	-	896,429	2,002,762
Pennsylvania	-	-	-	-	170,970
Federal Support	5,724,044	-	-	5,724,044	4,403,853
Regional Funds	14,895,831	-	-	14,895,831	15,249,019
Contributions	1,064,752	1,754,680	-	2,819,432	2,389,954
Total public support	<u>70,496,142</u>	<u>1,754,680</u>	<u>-</u>	<u>72,250,822</u>	<u>74,635,969</u>
Revenue:					
Boat program	10,790,149	46,615	-	10,836,764	5,198,648
Investment income	595,920	6,195	-	602,115	559,110
Other	815,580	-	-	815,580	766,039
Total revenue	<u>12,201,649</u>	<u>52,810</u>	<u>-</u>	<u>12,254,459</u>	<u>6,523,797</u>
Net assets released from restrictions	1,190,861	(1,190,861)	-	-	-
Total public support and revenue	<u>83,888,652</u>	<u>616,629</u>	<u>-</u>	<u>84,505,281</u>	<u>81,159,766</u>
Expenses:					
Program Services	66,244,529	-	-	66,244,529	65,531,085
Management and general	10,199,425	-	-	10,199,425	9,347,957
Fundraising	645,291	-	-	645,291	589,400
Boat program	8,089,013	-	-	8,089,013	5,022,742
Total expenses	<u>85,178,258</u>	<u>-</u>	<u>-</u>	<u>85,178,258</u>	<u>80,491,184</u>
Change in net assets	(1,289,606)	616,629	-	(672,977)	668,582
Net assets, beginning of year	35,863,175	2,234,388	157,090	38,254,653	37,586,071
Net assets, end of year	<u>\$ 34,573,569</u>	<u>\$ 2,851,017</u>	<u>\$ 157,090</u>	<u>\$ 37,581,676</u>	<u>\$ 38,254,653</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, 2011
(With summarized financial information for 2010)

	Total Program Services	Supporting Services			Total Support Services	Totals	
		Management and general	Fund Raising	Boat Program		2011	2010
Salaries	\$ 36,342,107	\$ 4,273,543	\$ 302,008	\$ 697,656	\$ 5,273,207	\$ 41,615,314	\$ 40,935,383
Employee benefits and payroll taxes	11,313,857	1,864,793	46,327	189,391	2,100,511	13,414,368	11,724,317
Commissions	-	-	-	2,097,890	2,097,890	2,097,890	844,830
Travel	897,058	462,780	59,800	91,366	613,946	1,511,004	1,361,975
Conferences and training	1,105,704	133,871	20,241	3,613	157,725	1,263,429	1,002,938
Books and publications	31,729	38,401	16,990	1,890	57,281	89,010	78,256
Rent and utilities	2,820,085	155,612	-	14,548	170,160	2,990,245	3,242,811
Insurance	1,694,548	64,987	-	226,492	291,479	1,986,027	2,098,687
Telephone	805,418	146,662	6,413	18,371	171,446	976,864	1,029,030
Professional fees	809,647	1,077,912	49,345	176,800	1,304,057	2,113,704	2,271,797
Postage	-	165,044	7,155	9,255	181,454	181,454	175,021
Student supplies and training	4,596,933	414,839	6,492	24,564	445,895	5,042,828	5,025,122
Community development	302,218	422,554	42,686	3,318	468,558	770,776	662,247
Equipment and maintenance	2,655,919	562,934	601	1,421,347	1,984,882	4,640,801	3,853,282
Transportation	-	19,522	-	60,298	79,820	79,820	141,908
Dockage	-	-	-	138,694	138,694	138,694	190,921
Interest	212,517	96,249	2,472	43,512	142,233	354,750	332,844
Depreciation and amortization	2,674,186	211,284	-	67,945	279,229	2,953,415	3,198,080
Amortization of Boats on Charter	-	-	-	2,757,286	2,757,286	2,757,286	1,957,895
Other	(17,397)	88,438	84,761	44,777	217,976	200,579	363,840
Total Expenses	\$ 66,244,529	\$ 10,199,425	\$ 645,291	\$ 8,089,013	\$ 18,933,729	\$ 85,178,258	\$ 80,491,184

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

AMKids, Inc. and Affiliates
Combined Statement of Cash Flows
Year ended June 30, 2011
(With comparative financial information for 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (672,977)	\$ 668,582
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,953,415	3,198,080
Loss on disposal of property and equipment	10,256	53,401
Donated Land, building and equipment	(141,503)	(137,246)
Realized and unrealized gains on investments	(412,487)	(141,835)
(Increase) decrease in:		
Accounts receivable	1,333,655	(774,662)
Prepaid expenses and other assets	138,701	119,190
Boat Inventory	435,256	26,825
Boats under Lease	(290,775)	(823,522)
Increase (decrease) in:		
Accounts payable	708,204	(10,415)
Accrued expenses	691,876	(325,216)
Accrued pension	327,297	(166,504)
Deferred revenues	(197,596)	(301,074)
Security deposits	7,106	396,920
Net cash provided by operating activities	<u>4,890,428</u>	<u>1,782,524</u>
Cash flows from investing activities:		
Purchases of property and equipment	(2,091,472)	(1,907,448)
Proceeds from sale of property	55,710	28,686
Proceeds from sale of investments	3,791,238	6,286,142
Purchases of investments	(3,292,869)	(5,846,296)
Net cash used in investing activities	<u>(1,537,393)</u>	<u>(1,438,916)</u>
Cash flows from financing activities:		
Net (repayments) borrowings on lines of credit	(212,558)	211,252
Proceeds from new borrowings from third parties	-	144,401
Payments on notes payable	(585,976)	(817,984)
Net cash used in financing activities	<u>(798,534)</u>	<u>(462,331)</u>
Net increase (decrease) in cash and cash equivalents	2,554,501	(118,723)
Cash and cash equivalents at beginning of year	7,268,144	7,386,867
Cash and cash equivalents at end of year	<u>\$ 9,822,645</u>	<u>\$ 7,268,144</u>
Cash paid for interest	<u>\$ 354,750</u>	<u>\$ 332,844</u>
Supplemental disclosure of noncash investing and financing activities:		
Financed purchases of property and equipment	<u>\$ 44,825</u>	<u>\$ 192,751</u>

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

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

Year ended June 30, 2011

(With comparative financial information for 2010)

1. Summary of Significant Accounting Policies

Organization

AMIkids, 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-seven affiliated, but independently governed member institutes and schools located in Florida, South Carolina, North Carolina, Louisiana, Virginia, Georgia, Texas, New Mexico 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, federal 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

Year ended June 30, 2011

(With comparative financial information for 2010)

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, 2011 and 2010, \$0 and \$50,000 of such costs were incurred, respectively.

Boats Under Lease

AMIkids 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 2012, 2013 and 2014 are approximately \$1,429,000, \$965,000, and \$314,000, respectively. At June 30, 2011 and 2010, the unexercised purchase options were approximately \$4,644,000 and \$4,648,000, respectively. The gross value and accumulated depreciation on leased property as of June 30, 2011 was approximately \$11,247,000 and \$4,040,000, 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. Amortization of boats under lease amounted to \$2,671,471 and \$1,957,895 for the years ended June 30, 2011 and 2010, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was \$3,691,754 and \$194,311 for the years ended June 30, 2011 and 2010, respectively.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

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 (shorter of estimated useful life or 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.

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 \$530,000 and \$950,000 for the years ended June 30, 2011 and 2010, 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

Year ended June 30, 2011

(With comparative financial information for 2010)

Public Support and Revenue

Public support is primarily from contracts with various federal, state and local agencies. Contracts with state and some federal agencies generally provide funding based on client service days. Regional revenue represents amounts received from 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, 2011 and 2010, donated services recorded in the financial statements were not material to the financial statements.

Fair Value of Financial Instruments

The Institute reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 – Valuation based on unadjusted 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.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2011. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

these instruments. These financial instruments include cash, accounts receivable, accounts payable, and accrued expenses. The fair value of the lines of credit and notes payable are 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, 2011 and 2010 consist of cash equivalents of \$5,437,843 and \$4,651,159 and investments of \$2,401,717 and \$1,956,898, respectively. Level 1 investments include money market funds, pooled equity funds, pooled fixed income funds, equity securities and government securities valued based on quoted market prices. Level 2 financial assets as of June 30, 2011 and 2010 consist of corporate bonds (included in pooled fixed income funds in Note 2) of \$172,504 and \$186,191, respectively and cash surrender of insurance policies of \$65,647 and \$61,623, 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 financial 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 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 standard. A reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there is no unrecognized benefit since the date of adoption. The Organization has not recognized interest expense or penalties as a result of the implementation of this 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 2010

The financial information for the year ended June 30, 2010 is presented for comparative purposes, and is not intended to be a complete presentation. Certain amounts for fiscal 2010 have been reclassified to conform with their presentation in the 2011 financial statements with no impact on total net assets or changes in net assets.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

2. Investments and Restricted Investments

Investments and restricted investments at June 30, 2011 and 2010 consist of:

	2011		2010	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 100,000	\$ 100,000	\$ -	\$ -
Certificates of deposit	6,583,752	6,593,543	7,114,582	7,114,582
Pooled equity funds	1,291,982	1,469,841	1,330,146	1,175,745
Pooled fixed income funds	487,738	514,119	764,973	793,640
Equity securities	211,604	240,269	200,068	173,704
Cash surrender value of insurance policies	65,647	65,647	61,623	61,623
Government securities	249,940	249,992	-	-
	\$ 8,990,663	\$ 9,233,411	\$ 9,471,392	\$ 9,319,294

Investment income was comprised of the following for the years ended June 30, 2011 and 2010:

	2011	2010
Interest and dividends	\$ 189,628	\$ 417,275
Net realized and unrealized gains	412,487	141,835
	\$ 602,115	\$ 559,110

3. Property and Equipment

Property and equipment at June 30, 2011 and 2010 consist of:

	2011	2010
Land and permanent site improvements	\$ 5,745,837	\$ 5,812,564
Buildings and leasehold improvements	24,580,860	24,480,436
Furniture, fixtures and equipment	9,408,900	9,276,267
Motor vehicles	3,833,321	3,879,779
Boats, motors and trailers	773,567	808,309
Swimming Pools	445,230	443,289
Construction in progress (estimate to complete is \$600,000)	534,931	536,512
	45,322,646	45,237,156
Less accumulated depreciation and amortization	(27,993,878)	(26,844,198)
	\$ 17,328,768	\$ 18,392,958

Included in furniture, fixtures and equipment are assets recorded under capital leases with a cost and accumulated amortization of \$502,248 and \$308,031, respectively, at June 30, 2011 and \$434,723 and \$243,923, respectively, at June 30, 2010.

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.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

4. Lines of Credit

Lines of credit at June 30, 2011 and 2010 consist of:

Entity	<u>2011</u>	<u>2010</u>
AMikids, Inc. Line of Credit, maximum available \$5,000,000, bearing interest at the LIBOR Index plus 2.1% but not less than 3% (interest rate at June 30, 2011 was 3.0%), due January 2012, collateralized by accounts receivable from government	\$ -	\$ 212,000
AMikids, Inc. Line of Credit, maximum available \$4,000,000, bearing interest at the LIBOR Index plus 2.1% but not less than 3% (interest rate at June 30, 2011 was 3.0%), due January 2012, collateralized by boat inventory	-	-
AMikids, Inc. Line of Credit, maximum available \$5,000,000, bearing interest at the LIBOR Index plus 2.1% but not less than 3% (interest rate at June 30, 2011 was 3.0%) due January 2012 collateralized by accounts receivable from boat charters	-	-
Space Coast Line of credit, maximum available \$100,000, interest at prime plus 1.5% with a minimum of 5% (interest rate at June 30, 2011 was 5.00%), expiring December 2011, collateralized by building	-	-
Tampa Line of credit, maximum available \$20,000, interest at prime plus 2% (interest rate at June 30, 2011 was 5.25%), due on demand, uncollateralized	1,473	2,031
Total Lines of Credit	<u>\$ 1,473</u>	<u>\$ 214,031</u>

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, 2011, the Organization had a maximum of \$13,119,000 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 as of and for the years ended June 30, 2011 and 2010.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

5. Notes Payable

Notes payable at June 30, 2011 and 2010 consists of:

Entity	2011	2010
AMikids, Inc. Mortgage payable in monthly installments of \$3,789 including interest at prime less 1.15% (interest rate at June 30, 2011 was 2.10%), due February 2012 with a final payment of \$458,860, collateralized by building	\$ 489,172	\$ 534,640
AMikids, Inc. Mortgage payable in monthly installments of \$2,249 including interest at prime less 1.15% (interest rate at June 30, 2011 was 2.10%), due February 2012 with a final payment of \$271,540, collateralized by building	291,781	318,769
Beaufort Note payable with final payment due March 2012, including interest at 1.995% payable monthly, collateralized by school assets.	23,000	48,000
Baton Rouge Mortgage payable in monthly installments of \$2,801 including interest at 6.03%, due May 2012, collateralized by building	10,123	41,910
Baton Rouge Note payable in monthly installments of \$1,783 including interest at 5.9%, due September 2014, collateralized by vehicles	57,375	80,113
Pensacola Mortgage payable in monthly installments of \$1,337, including interest at 6%, due December 2014 with final balloon payment of \$68,529, collateralized by building	106,257	115,530
Manatee Note payable in monthly installments of \$746, including interest at 10%, due December 2014, collateralized by equipment	19,727	26,338
Jacksonville Note payable in monthly installments of \$500, including interest at 13.3%, due March 2015, collateralized by equipment under capital lease	17,632	21,034

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

Entity	<u>2011</u>	<u>2010</u>
Jefferson Mortgage payable in monthly principal installments of \$1,107, plus interest of 1.40% under the prime commercial rate (interest rate at June 30, 2011 was 1.85%), estimated balloon payment of \$132,799 due October 2012, collateralized by three modular buildings	150,507	163,787
Louisiana Properties Mortgage payable in monthly installments of \$24,085, plus interest of 5.2% , due January 2019, guaranteed by AMIkids, collateralized by real estate in Branch, Louisiana and Lake Charles, Louisiana	1,808,044	1,997,666
Pasco Mortgage payable in monthly installments of \$1,485 including interest at 7.70%, due August 2021, collateralized by building	126,306	133,893
Orlando Mortgage payable in monthly installments of \$1,370 including interest at 7.25%, due November 2017, collateralized by building	84,010	93,959
Panama City Mortgage payable in monthly installments of \$4,117 including interest at 7%, balloon payment of \$460,077, due Dec. 2012, collateralized by land and buildings	485,570	500,136
Piedmont Mortgage payable in monthly installments of \$775 including interest at 8.25%, balloon payment of \$56,427, due November 2011, collateralized by building	59,506	63,703
Red River Mortgage payable in monthly principal installments of \$4167, plus interest of 1.15% under the prime commercial rate (interest rate at June 30, 2011 was 2.1%), due and paid off August 2011, collateralized by building	-	94,250
Various Various notes payable, monthly installments from \$97 to \$1,007, various interest rates, due various dates through November 2015, collateralized by vehicles and equipment.	162,167	198,599
Total Notes Payable	<u>\$ 3,891,177</u>	<u>\$ 4,432,327</u>

AMIkids, Inc. has guaranteed the notes payable for Louisiana Properties, Jefferson and Red River.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

Principal payments on notes payable for years subsequent to June 30, 2011 are as follows:

2012	\$ 1,217,813
2013	933,677
2014	317,255
2015	353,330
2016	272,813
Thereafter	796,289
	<u>\$ 3,891,177</u>

6. Accrued Expenses

Accrued expenses at June 30, 2011 and 2010 consist of:

	<u>2011</u>	<u>2010</u>
Workers compensation self-insurance reserve	\$ 2,700,136	\$ 2,360,379
Vehicle and other self-insurance reserve	331,339	727,391
Medical self-insurance reserve	485,572	611,327
Accrued payroll	773,612	593,480
Accrued vacation	965,987	945,106
Accrued severance and unemployment	887,097	330,917
Accrued boat program payments	789,529	693,216
Other accruals	832,268	811,848
	<u>\$ 7,765,540</u>	<u>\$ 7,073,664</u>

7. Restrictions and Limitations on Net Assets

Temporarily restricted net assets consist of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Education/scholarship	\$ 979,984	\$ 960,981
Building / Equipment	1,137,665	487,066
Girls Initiative Program	416,998	413,788
Experiential Activities	165,539	237,555
Other	150,831	134,998
	<u>\$ 2,851,017</u>	<u>\$ 2,234,388</u>

Permanently restricted net assets represent endowment funds invested in perpetuity. The income from the endowment funds is restricted 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, 2011 and 2010.

AMIKids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

	<u>2011</u>	<u>2010</u>
Education/scholarship	\$ 149,132	\$ 356,512
Building/ Equipment	417,184	833,463
Girls Initiative Program	-	20,000
Experiential Activities	414,138	387,495
Other	210,408	225,827
	<u>\$ 1,190,862</u>	<u>\$ 1,823,297</u>

9. Net Assets

The following reflects the separate components of net assets of AMIKids, Inc., AMIKids Foundation and combined Member Institutes and Schools:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
AMIKids, Inc.				
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
Change in Net Assets	957,563	2	-	957,565
Net Assets June 30, 2011	<u>21,578,995</u>	<u>44,512</u>	<u>50,000</u>	<u>21,673,507</u>
AMIKids Foundation				
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
Change in Net Assets	121,339	(55,977)	-	65,362
Net Assets June 30, 2011	<u>232,764</u>	<u>767,620</u>	<u>7,090</u>	<u>1,007,474</u>
Member Institutes and Schools				
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
Change in Net Assets	(2,368,508)	672,604	-	(1,695,904)
Net Assets June 30, 2011	<u>12,761,810</u>	<u>2,038,885</u>	<u>100,000</u>	<u>14,900,695</u>
Total Net Assets as of June 30, 2011	<u>\$ 34,573,569</u>	<u>\$ 2,851,017</u>	<u>\$ 157,090</u>	<u>\$ 37,581,676</u>

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2011
(With comparative financial information for 2010)

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, 2011 and 2010 was approximately \$758,000 and \$713,000, respectively. Based on the current operating leases the annual lease expense is expected to remain consistent with 2011 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 \$3,040,069, and \$3,475,325 at June 30, 2011 and 2010, 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 vehicle and 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 \$3,031,000 and \$3,088,000 at June 30, 2011 and 2010, 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 Organization's financial position and results of operations. Under AMIkids' workers compensation and vehicle policies, the Organization has provided the insurance carrier letters of credit for approximately \$3,915,000, which is collateralized by investments and cash held by AMIkids. Total investments and cash of \$4,861,000 support the expected insurance commitments, including the required letters of credit.

AMIkids is self insured for group health insurance up to a maximum of \$125,000 per employee. Management has accrued approximately \$486,000 and \$611,000 at June 30, 2011 and 2010, 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 Organization's financial position and results of operations. 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
Year ended June 30, 2011
(With comparative financial information for 2010)

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, 2011 and 2010 was approximately \$2,429,000 and \$2,213,000 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. Related Party Transactions

There were no related party transactions significant to the financial statements. AMIkids has rigorous controls concerning related party transactions to ensure that all transactions are in the best interest of the mission. Details of related party transactions can be found in IRS Form 990s which AMIkids files annually.

13. Institute Openings and Closings

During the fiscal year ended June 30, 2011, AMIkids opened AMIkids Sandoval, Inc in New Mexico and AMIkids Infinity Wake County which is the first Institute in North Carolina.

During fiscal year ended June 30, 2011 and due to a loss of funding, the Infinity Orangeburg and the Wings – Texas schools were closed. The AMIkids Savannah River three-camp contract was reduced to one camp effective September, 2011.

The Organization paid approximately \$132,000 of severance costs during 2011 related to these closures. In addition, approximately \$676,000 has been recorded in accrued expenses as of June 30, 2011 for future payments of unemployment and severance costs related to staff either terminated prior to June 30, 2011 or will be terminated in fiscal year 2012. The total amount expensed during the year ended June 30, 2011 related to one-time termination benefits was approximately \$808,000 and is included in program expenses on the accompanying combined statement of activities. Of this amount, \$267,000 is included in salaries and \$541,000 is included in employee benefits and payroll taxes on the accompanying combined statement of functional expenses.

14. Subsequent events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2011 as of September 16, 2011, which is the date the financial statements were available to be issued. Subsequent events occurring after September 16, 2011 have not been evaluated by management. No material events have occurred since June 30, 2011 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.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 16, 2011

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2011

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	\$ 1,744,149	\$ 13,861	\$ 2,986,879	\$ 4,303	\$ 62,863	\$ 13,180	\$ 78,704	\$ 18,226	\$ 76,975
Investments	5,751,000	-	432,754	-	-	112,713	156,301	-	485,138
Accounts Receivable:									
Funding Agencies	3,364,208	5,932	-	12,000	-	25,840	38,808	1,670	4,871
Other	376,226	22,091	-	11,058	-	6,192	9,864	13,908	77,387
Prepaid Expenses and Other Assets	251,476	28,559	1,718	18,771	5,435	32,729	22,622	18,426	17,936
Due from Affiliates	12,739,063	124,910	-	43,601	194,047	498,830	102,418	40,850	100,862
Boat Inventory	3,040,069	-	-	-	-	-	-	-	-
Boats under Lease	7,121,095	-	-	-	-	-	-	-	-
Property and Equipment, Net	1,171,407	27,913	-	87,792	4,719	328,352	155,550	167,591	338,982
	<u>\$ 35,558,693</u>	<u>\$ 223,266</u>	<u>\$ 3,421,351</u>	<u>\$ 177,525</u>	<u>\$ 267,064</u>	<u>\$ 1,017,836</u>	<u>\$ 564,267</u>	<u>\$ 260,671</u>	<u>\$ 1,102,151</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	678,341	14,342	-	12,321	5,836	11,693	19,160	9,269	11,724
Accrued Expenses	7,618,262	49,765	5,693	23,462	13,297	37,262	43,640	31,240	68,042
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	3,347,996	1,016,623	2,408,184	360,274	7,144	27,566	39,305	48,564	27,180
Deferred Revenues	-	-	-	-	-	-	32,108	-	-
Security Deposits	1,692,670	-	-	-	-	-	-	-	-
Long Term Debt	784,784	-	-	1,692	-	67,498	-	-	23,000
Total Liabilities	<u>14,122,053</u>	<u>1,080,730</u>	<u>2,413,877</u>	<u>397,749</u>	<u>26,277</u>	<u>144,019</u>	<u>134,213</u>	<u>89,073</u>	<u>129,946</u>
Net Assets:									
Unrestricted	21,342,128	(867,091)	232,764	(220,924)	240,753	831,422	413,045	169,098	905,876
Temporarily Restricted	44,512	9,627	767,620	700	34	42,395	17,009	2,500	66,329
Permanently Restricted	50,000	-	7,090	-	-	-	-	-	-
Total Net Assets	<u>21,436,640</u>	<u>(857,464)</u>	<u>1,007,474</u>	<u>(220,224)</u>	<u>240,787</u>	<u>873,817</u>	<u>430,054</u>	<u>171,598</u>	<u>972,205</u>
	<u>\$ 35,558,693</u>	<u>\$ 223,266</u>	<u>\$ 3,421,351</u>	<u>\$ 177,525</u>	<u>\$ 267,064</u>	<u>\$ 1,017,836</u>	<u>\$ 564,267</u>	<u>\$ 260,671</u>	<u>\$ 1,102,151</u>

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2011

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	\$ 36,185	\$ 10,538	\$ 3,733	\$ 10,795	\$ 54,504	\$ 4,982	\$ 6,121	\$ 143,821	\$ 163,740
Investments	-	-	-	-	-	-	-	417,662	-
Accounts Receivable:									
Funding Agencies	33,165	5,336	10,625	5,452	17,728	23,000	16,113	31,007	86,994
Other	9,070	7,931	6,431	13,599	5,428	4,560	8,995	16,075	17,080
Prepaid Expenses and Other Assets	18,019	22,853	17,548	17,259	32,131	16,607	12,983	29,398	42,175
Due from Affiliates	103,113	115,242	107,016	112,544	63,967	34,841	52,084	91,787	150,103
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	79,925	16,723	46,608	20,272	59,525	106,689	15,444	316,568	459,391
	<u>\$ 279,477</u>	<u>\$ 178,623</u>	<u>\$ 191,961</u>	<u>\$ 179,921</u>	<u>\$ 233,283</u>	<u>\$ 190,679</u>	<u>\$ 111,740</u>	<u>\$ 1,046,318</u>	<u>\$ 919,483</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	54,389	9,467	29,269	10,979	5,892	11,139	28,337	16,673	25,663
Accrued Expenses	48,867	42,746	45,854	83,641	25,208	20,946	35,178	50,773	87,838
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	193,710	455,061	81,981	71,855	263,102	91,452	444,121	33,821	39,537
Deferred Revenues	24,234	-	-	-	-	9,831	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	9,987	-	4,988	-	-	-	3,582	4,484	6,049
Total Liabilities	<u>331,187</u>	<u>507,274</u>	<u>162,092</u>	<u>166,475</u>	<u>294,202</u>	<u>133,368</u>	<u>511,218</u>	<u>105,751</u>	<u>159,087</u>
Net Assets:									
Unrestricted	(72,351)	(328,651)	29,869	9,428	(61,442)	55,546	(401,978)	930,923	738,713
Temporarily Restricted	20,641	-	-	4,018	523	1,765	2,500	9,644	21,683
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>(51,710)</u>	<u>(328,651)</u>	<u>29,869</u>	<u>13,446</u>	<u>(60,919)</u>	<u>57,311</u>	<u>(399,478)</u>	<u>940,567</u>	<u>760,396</u>
	<u>\$ 279,477</u>	<u>\$ 178,623</u>	<u>\$ 191,961</u>	<u>\$ 179,921</u>	<u>\$ 233,283</u>	<u>\$ 190,679</u>	<u>\$ 111,740</u>	<u>\$ 1,046,318</u>	<u>\$ 919,483</u>

AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2011

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, Inc.
Assets									
Cash and Cash Equivalents	\$ 53,140	\$ 55,666	\$ 51,604	\$ 401,009	\$ -	\$ 367,609	\$ 46,597	\$ 170,035	\$ 27,529
Investments	-	16,610	-	-	-	-	-	314,379	-
Accounts Receivable:									
Funding Agencies	4,675	-	47,115	30,076	-	10,361	-	-	44,492
Other	9,172	9,903	5,425	7,515	-	13,817	3,558	7,300	-
Prepaid Expenses and Other Assets	26,136	20,830	21,418	34,158	-	15,360	20,511	24,103	3,026
Due from Affiliates	38,982	60,913	89,157	63,182	274,203	118,609	39,715	38,910	112,064
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	51,188	497,047	37,221	46,785	-	22,373	924,641	13,659	1,911
	<u>\$ 183,293</u>	<u>\$ 660,969</u>	<u>\$ 251,940</u>	<u>\$ 582,725</u>	<u>\$ 274,203</u>	<u>\$ 548,129</u>	<u>\$ 1,035,022</u>	<u>\$ 568,386</u>	<u>\$ 189,022</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	14,983	12,728	11,401	12,316	-	11,116	5,001	17,581	3,368
Accrued Expenses	17,949	38,639	61,501	28,046	339	37,066	34,561	34,101	4,928
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	149,250	26,856	156,482	22,644	477	24,403	456,164	27,782	15,520
Deferred Revenues	29,237	-	-	-	-	-	65,929	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	10,344	106,257	15,417	-	-	-	19,727	7,321	-
Total Liabilities	<u>221,763</u>	<u>184,480</u>	<u>244,801</u>	<u>63,006</u>	<u>816</u>	<u>72,585</u>	<u>581,382</u>	<u>86,785</u>	<u>23,816</u>
Net Assets:									
Unrestricted	(43,469)	467,421	(14,673)	510,361	37,617	314,027	405,553	477,328	160,025
Temporarily Restricted	4,999	9,068	21,812	9,358	235,770	161,517	48,087	4,273	5,181
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>(38,470)</u>	<u>476,489</u>	<u>7,139</u>	<u>519,719</u>	<u>273,387</u>	<u>475,544</u>	<u>453,640</u>	<u>481,601</u>	<u>165,206</u>
	<u>\$ 183,293</u>	<u>\$ 660,969</u>	<u>\$ 251,940</u>	<u>\$ 582,725</u>	<u>\$ 274,203</u>	<u>\$ 548,129</u>	<u>\$ 1,035,022</u>	<u>\$ 568,386</u>	<u>\$ 189,022</u>

AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2011

Schedule I

	AMIkids Georgia Properties	AMIkids Infinity Chicago	AMIkids Infinity Wake County	AMIkids Infinity Newberry	AMIkids Infinity Marlboro	AMIkids Infinity Sarasota	AMIkids Infinity Orangeburg	AMIkids Jacksonville	AMIkids Jefferson
Assets									
Cash and Cash Equivalents	\$ -	\$ 66,668	\$ 42,804	\$ -	\$ 16,613	\$ -	\$ 38,895	\$ 335,135	\$ 8,969
Investments	-	-	-	-	-	-	-	100,000	-
Accounts Receivable:									
Funding Agencies	-	186,841	-	-	-	-	-	24,000	-
Other	-	5,531	250	-	400	-	-	6,212	6,872
Prepaid Expenses and Other Assets	-	16,420	11,775	-	4,827	-	-	22,236	15,640
Due from Affiliates	458,155	4,442	-	-	22,746	-	-	56,159	45,918
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	2,666,622	44,230	33,212	-	19,790	-	-	126,961	392,863
	<u>\$ 3,124,777</u>	<u>\$ 324,132</u>	<u>\$ 88,041</u>	<u>\$ -</u>	<u>\$ 64,376</u>	<u>\$ -</u>	<u>\$ 38,895</u>	<u>\$ 670,703</u>	<u>\$ 470,262</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	6,888	2,273	-	3,788	-	-	6,819	13,458
Accrued Expenses	339	17,663	3,461	-	4,242	-	38,895	28,642	27,900
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	477	537,772	47,963	-	16,458	-	-	24,478	1,087,526
Deferred Revenues	-	-	-	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	-	11,333	-	-	-	-	-	17,632	150,507
Total Liabilities	<u>816</u>	<u>573,656</u>	<u>53,697</u>	<u>-</u>	<u>24,488</u>	<u>-</u>	<u>38,895</u>	<u>77,571</u>	<u>1,279,391</u>
Net Assets:									
Unrestricted	3,123,961	(274,939)	34,344	-	33,248	-	-	479,799	(813,529)
Temporarily Restricted	-	25,415	-	-	6,640	-	-	13,333	4,400
Permanently Restricted	-	-	-	-	-	-	-	100,000	-
Total Net Assets	<u>3,123,961</u>	<u>(249,524)</u>	<u>34,344</u>	<u>-</u>	<u>39,888</u>	<u>-</u>	<u>-</u>	<u>593,132</u>	<u>(809,129)</u>
	<u>\$ 3,124,777</u>	<u>\$ 324,132</u>	<u>\$ 88,041</u>	<u>\$ -</u>	<u>\$ 64,376</u>	<u>\$ -</u>	<u>\$ 38,895</u>	<u>\$ 670,703</u>	<u>\$ 470,262</u>

AMIkids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2011

Schedule I

	AMIkids Graduate School	AMIkids Middle Georgia	South Carolina Wilderness Institute	AMIkids Pasco	AMIkids Norfolk	AMIkids Northeast Louisiana	AMIkids Orlando	AMIkids Palm Beach	AMIkids Panama City Marine Institute
Assets									
Cash and Cash Equivalents	\$ -	\$ 168,621	\$ -	\$ 117,725	\$ 79,305	\$ 312,160	\$ 115,725	\$ 59,460	\$ 107,716
Investments	-	262,009	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	-	10,632	-	56,000	30,828	909	19,149	-	-
Other	413,000	12,349	-	8,723	7,083	7,608	7,827	10,161	5,804
Prepaid Expenses and Other Assets	-	15,306	-	10,625	11,546	13,126	29,855	20,807	47,083
Due from Affiliates	352,974	99,031	-	247,754	-	41,635	55,253	44,429	49,349
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	-	255,987	297,502	606,157	24,448	227,081	93,616	296,494	768,465
	<u>\$ 765,974</u>	<u>\$ 823,935</u>	<u>\$ 297,502</u>	<u>\$ 1,046,984</u>	<u>\$ 153,210</u>	<u>\$ 602,519</u>	<u>\$ 321,425</u>	<u>\$ 431,351</u>	<u>\$ 978,417</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	14,459	-	4,759	9,677	4,611	6,568	15,858	39,600
Accrued Expenses	339	29,958	339	30,357	8,900	43,929	20,074	36,380	34,003
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	16,533	28,638	477	21,885	740,524	23,752	28,372	1,203,220	31,524
Deferred Revenues	-	-	-	27,968	4,489	16,268	11,421	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	-	-	-	129,294	9,297	-	98,666	9,092	485,570
Total Liabilities	<u>16,872</u>	<u>73,055</u>	<u>816</u>	<u>214,263</u>	<u>772,887</u>	<u>88,560</u>	<u>165,101</u>	<u>1,264,550</u>	<u>590,697</u>
Net Assets:									
Unrestricted	(16,923)	750,380	296,686	791,648	(619,677)	513,959	85,242	(836,479)	369,203
Temporarily Restricted	766,025	500	-	41,073	-	-	71,082	3,280	18,517
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>749,102</u>	<u>750,880</u>	<u>296,686</u>	<u>832,721</u>	<u>(619,677)</u>	<u>513,959</u>	<u>156,324</u>	<u>(833,199)</u>	<u>387,720</u>
	<u>\$ 765,974</u>	<u>\$ 823,935</u>	<u>\$ 297,502</u>	<u>\$ 1,046,984</u>	<u>\$ 153,210</u>	<u>\$ 602,519</u>	<u>\$ 321,425</u>	<u>\$ 431,351</u>	<u>\$ 978,417</u>

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2011

Schedule I

	AMikids Piedmont	AMikids Pinellas	AMikids Peninsula	AMikids Red River	AMikids Rio Grande Valley	AMikids Sandoval	AMikids Savannah River	AMikids Louisiana Properties	AMikids Southwest Florida
Assets									
Cash and Cash Equivalents	\$ 15,564	\$ 202,998	\$ -	\$ 212,697	\$ 28,146	\$ 173,526	\$ 71,804	\$ -	\$ 209,694
Investments	-	-	-	-	-	-	475,783	-	301,781
Accounts Receivable:									
Funding Agencies	4,394	-	-	5,224	5,881	12,391	-	-	-
Other	12,906	6,701	-	7,282	4,654	-	138,368	-	11,493
Prepaid Expenses and Other Assets	18,956	25,209	281,996	18,414	23,713	105,622	48,417	28,537	27,395
Due from Affiliates	105,902	55,493	-	73,881	39,025	77,998	419,088	865,755	56,714
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	106,218	114,117	-	415,775	101,915	443,669	193,987	2,382,094	142,765
	<u>\$ 263,940</u>	<u>\$ 404,518</u>	<u>\$ 281,996</u>	<u>\$ 733,273</u>	<u>\$ 203,334</u>	<u>\$ 813,206</u>	<u>\$ 1,347,447</u>	<u>\$ 3,276,386</u>	<u>\$ 749,842</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	11,812	7,126	-	8,680	7,807	53,767	53,209	-	10,579
Accrued Expenses	38,811	21,414	165,200	46,303	26,554	295,547	724,703	339	42,617
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	31,011	23,710	146,510	23,098	840,365	1,156,647	77,734	477	25,877
Deferred Revenues	-	-	-	15,932	-	-	-	-	2,323
Security Deposits	-	-	2,500	-	-	-	-	-	-
Long Term Debt	65,313	-	-	-	-	-	13,625	1,808,044	3,601
Total Liabilities	<u>146,947</u>	<u>52,250</u>	<u>314,210</u>	<u>94,013</u>	<u>874,726</u>	<u>1,505,961</u>	<u>869,271</u>	<u>1,808,860</u>	<u>84,997</u>
Net Assets:									
Unrestricted	103,316	258,103	(32,214)	620,046	(703,093)	(692,755)	456,225	1,467,526	658,618
Temporarily Restricted	13,677	94,165	-	19,214	31,701	-	21,951	-	6,227
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>116,993</u>	<u>352,268</u>	<u>(32,214)</u>	<u>639,260</u>	<u>(671,392)</u>	<u>(692,755)</u>	<u>478,176</u>	<u>1,467,526</u>	<u>664,845</u>
	<u>\$ 263,940</u>	<u>\$ 404,518</u>	<u>\$ 281,996</u>	<u>\$ 733,273</u>	<u>\$ 203,334</u>	<u>\$ 813,206</u>	<u>\$ 1,347,447</u>	<u>\$ 3,276,386</u>	<u>\$ 749,842</u>

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

	AMIkids Southwest Louisiana	AMIkids Space Coast	AMIkids Tallahassee	AMIkids Tampa	AMIkids Volusia	AMIkids Virginia Wilderness	AMIkids West Florida	AMIkids WINGS South Florida	AMIkids WINGS Pennsylvania
Assets									
Cash and Cash Equivalents	\$ 75,596	\$ 341,942	\$ 72,135	\$ 28,619	\$ 40,589	\$ 21,315	\$ 18,667	\$ 43,063	\$ -
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	6,464	20,375	65,781	-	-	164,045	12,918	6,032	-
Other	9,295	8,352	10,601	9,816	5,129	8,021	13,113	21,543	-
Prepaid Expenses and Other Assets	15,445	21,604	12,556	17,622	29,881	13,530	32,214	17,950	-
Due from Affiliates	81,008	90,375	43,162	56,332	39,738	1,930	95,561	88,479	-
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	53,175	931,906	238,748	475,913	20,186	570,781	104,344	47,941	-
	<u>\$ 240,983</u>	<u>\$ 1,414,554</u>	<u>\$ 442,983</u>	<u>\$ 588,302</u>	<u>\$ 135,523</u>	<u>\$ 779,622</u>	<u>\$ 276,817</u>	<u>\$ 225,008</u>	<u>\$ -</u>
Liabilities and Net Assets									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ 1,473	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	6,902	18,690	11,591	10,131	6,223	17,193	21,194	10,963	-
Accrued Expenses	22,035	36,363	29,623	24,014	13,095	31,129	63,633	64,021	-
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	519,989	26,950	20,872	43,400	68,731	54,957	764,462	1,526,907	-
Deferred Revenues	-	66,981	-	-	9,086	-	-	31,271	-
Security Deposits	-	-	-	-	-	-	-	-	-
Long Term Debt	-	-	3,021	10,126	-	-	1,141	2,758	-
Total Liabilities	<u>548,926</u>	<u>148,984</u>	<u>65,107</u>	<u>89,144</u>	<u>97,135</u>	<u>103,279</u>	<u>850,430</u>	<u>1,635,920</u>	<u>-</u>
Net Assets:									
Unrestricted	(307,943)	1,180,612	377,876	484,267	38,332	676,343	(579,061)	(1,440,294)	-
Temporarily Restricted	-	84,958	-	14,891	56	-	5,448	29,382	-
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>(307,943)</u>	<u>1,265,570</u>	<u>377,876</u>	<u>499,158</u>	<u>38,388</u>	<u>676,343</u>	<u>(573,613)</u>	<u>(1,410,912)</u>	<u>-</u>
	<u>\$ 240,983</u>	<u>\$ 1,414,554</u>	<u>\$ 442,983</u>	<u>\$ 588,302</u>	<u>\$ 135,523</u>	<u>\$ 779,622</u>	<u>\$ 276,817</u>	<u>\$ 225,008</u>	<u>\$ -</u>

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2011

Schedule I

	AMikids WINGS Texas	AMikids Y.E.S	Total	Eliminations	Total
Assets					
Cash and Cash Equivalents	\$ 65,886	\$ 123,860	\$ 9,822,645	\$ -	\$ 9,822,645
Investments	-	407,281	9,233,411	-	9,233,411
Accounts Receivable:					
Funding Agencies	-	44,746	4,496,078	-	4,496,078
Other	-	7,974	1,429,653	(125,000)	1,304,653
Prepaid Expenses and Other Assets	322,735	8,810	2,062,039	(303,940)	1,758,099
Due from Affiliates	6,862	218,671	19,404,832	(19,404,832)	-
Boat Inventory	-	-	3,040,069	-	3,040,069
Boats under Lease	-	-	7,121,095	-	7,121,095
Property and Equipment, Net	-	133,530	17,328,768	-	17,328,768
	<u>\$ 395,483</u>	<u>\$ 944,872</u>	<u>\$ 73,938,590</u>	<u>\$ (19,833,772)</u>	<u>\$ 54,104,818</u>
Liabilities and Net Assets					
Liabilities:					
Lines of Credit	\$ -	\$ -	\$ 1,473	\$ -	\$ 1,473
Accounts Payable	2,331	12,651	1,442,595	(825)	1,441,770
Accrued Expenses	9,447	56,233	10,625,346	(2,859,806)	7,765,540
Accrued Pension	-	-	-	1,380,934	1,380,934
Due to Affiliates	378,098	27,560	19,404,008	(19,404,008)	-
Deferred Revenues	-	-	347,078	-	347,078
Security Deposits	-	-	1,695,170	-	1,695,170
Long Term Debt	-	7,027	3,891,177	-	3,891,177
Total Liabilities	<u>389,876</u>	<u>103,471</u>	<u>37,406,847</u>	<u>(20,883,705)</u>	<u>16,523,142</u>
Net Assets:					
Unrestricted	5,607	773,884	33,523,636	1,049,933	34,573,569
Temporarily Restricted	-	67,517	2,851,017	-	2,851,017
Permanently Restricted	-	-	157,090	-	157,090
Total Net Assets	<u>5,607</u>	<u>841,401</u>	<u>36,531,743</u>	<u>1,049,933</u>	<u>37,581,676</u>
	<u>\$ 395,483</u>	<u>\$ 944,872</u>	<u>\$ 73,938,590</u>	<u>\$ (19,833,772)</u>	<u>\$ 54,104,818</u>

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2011

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	\$ 3,008,739	\$ -	\$ -	\$ 498,513	\$ 504,729	\$ -	\$ -	\$ -	\$ -
South Carolina	1,213,554	-	-	-	-	-	-	-	1,053,727
Louisiana	1,253,536	1,435,640	-	-	-	859,642	-	645,786	-
Georgia	1,627,363	-	-	-	-	-	1,223,928	-	-
Texas	134,464	-	-	-	-	-	-	-	-
Federal Support	22,866	-	-	-	-	-	-	-	-
Regional Funds	156,268	280,599	-	265,130	-	323,193	299,864	240,102	100,774
Contributions	123,001	17,800	307,080	8,633	225	46,038	6,267	9,272	122,376
Total Public Support	<u>7,539,791</u>	<u>1,734,039</u>	<u>307,080</u>	<u>772,276</u>	<u>504,954</u>	<u>1,228,873</u>	<u>1,530,059</u>	<u>895,160</u>	<u>1,276,877</u>
Revenue									
Boat Program	10,836,764	-	-	-	-	-	-	-	-
Investment income (loss)	621,156	-	43,457	2	62	704	2,907	56	3,688
Other	958,294	-	-	1,609	-	428	2,637	2,453	69,557
Total revenue	<u>12,416,214</u>	<u>-</u>	<u>43,457</u>	<u>1,611</u>	<u>62</u>	<u>1,132</u>	<u>5,544</u>	<u>2,509</u>	<u>73,245</u>
Total public support and revenue	<u>19,956,005</u>	<u>1,734,039</u>	<u>350,537</u>	<u>773,887</u>	<u>505,016</u>	<u>1,230,005</u>	<u>1,535,603</u>	<u>897,669</u>	<u>1,350,122</u>
Expenses									
Program Services	-	2,146,275	-	776,237	466,420	1,294,542	1,543,703	1,068,602	1,350,526
Management and general	10,318,682	48,353	-	28,917	11,632	17,865	19,209	21,176	23,116
Fundraising	550,745	-	285,175	-	-	-	-	-	-
Boat Program	8,129,013	-	-	-	-	-	-	-	-
Total expenses	<u>18,998,440</u>	<u>2,194,628</u>	<u>285,175</u>	<u>805,154</u>	<u>478,052</u>	<u>1,312,407</u>	<u>1,562,912</u>	<u>1,089,778</u>	<u>1,373,642</u>
Change in net assets	957,565	(460,589)	65,362	(31,267)	26,964	(82,402)	(27,309)	(192,109)	(23,520)
Net assets, beginning of the year	20,479,075	(396,875)	942,112	(188,957)	213,823	956,219	457,363	363,707	995,725
Net assets, end of the year	<u>\$ 21,436,640</u>	<u>\$ (857,464)</u>	<u>\$ 1,007,474</u>	<u>\$ (220,224)</u>	<u>\$ 240,787</u>	<u>\$ 873,817</u>	<u>\$ 430,054</u>	<u>\$ 171,598</u>	<u>\$ 972,205</u>

See Independent Auditors' Report on Supplemental Information

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2011

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	\$ 1,115,254	\$ -	\$ -	\$ -	\$ -	\$ 401,572	\$ -	\$ 962,283	\$ 1,078,222
South Carolina	-	1,242,911	1,254,886	1,340,741	-	-	-	-	-
Louisiana	-	-	-	-	831,659	-	567,895	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Federal Support	-	-	-	-	-	-	-	-	-
Regional Funds	661,939	91,513	87,621	94,135	272,040	237,447	287,986	700,649	1,030,547
Contributions	90,334	80,592	141,474	83,459	7,773	20,710	11,887	25,774	174,219
Total Public Support	1,867,527	1,415,016	1,483,981	1,518,335	1,111,472	659,729	867,768	1,688,706	2,282,988
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	374	-	1	99	-	-	-	87,546	100
Other	30,678	1,120	2,285	11,426	507	-	2,340	115	54,050
Total revenue	31,052	1,120	2,286	11,525	507	-	2,340	87,661	54,150
Total public support and revenue	1,898,579	1,416,136	1,486,267	1,529,860	1,111,979	659,729	870,108	1,776,367	2,337,138
Expenses									
Program Services	1,800,450	1,548,053	1,529,787	1,680,008	1,104,708	694,158	937,527	1,823,359	2,330,733
Management and general	101,763	23,774	22,654	35,494	25,695	21,320	31,528	86,877	73,055
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	1,902,213	1,571,827	1,552,441	1,715,502	1,130,403	715,478	969,055	1,910,236	2,403,788
Change in net assets	(3,634)	(155,691)	(66,174)	(185,642)	(18,424)	(55,749)	(98,947)	(133,869)	(66,650)
Net assets, beginning of the year	(48,076)	(172,960)	96,043	199,088	(42,495)	113,060	(300,531)	1,074,436	827,046
Net assets, end of the year	\$ (51,710)	\$ (328,651)	\$ 29,869	\$ 13,446	\$ (60,919)	\$ 57,311	\$ (399,478)	\$ 940,567	\$ 760,396

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AMikids, Inc. and Affiliates
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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	Infinity Schools, Inc.
Public Support and revenue:									
State support:									
Florida	\$ 444,391	\$ 546,881	\$ 945,864	\$ 572,665	\$ -	\$ -	\$ 464,076	\$ 296,826	\$ -
South Carolina	-	-	-	-	-	1,116,402	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Federal Support	-	-	-	-	-	-	-	-	-
Regional Funds	350,809	404,319	478,369	575,428	-	91,102	442,713	702,032	436,690
Contributions	11,055	155,345	12,545	40,251	5,012	18,318	47,509	77,578	1,755
Total Public Support	<u>806,255</u>	<u>1,106,545</u>	<u>1,436,778</u>	<u>1,188,344</u>	<u>5,012</u>	<u>1,225,822</u>	<u>954,298</u>	<u>1,076,436</u>	<u>438,445</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	161	8,001	14	871	(83)	980	169	4,050	151
Other	6,479	44,705	80,812	6,326	-	76,724	1,605	7,215	-
Total revenue	<u>6,640</u>	<u>52,706</u>	<u>80,826</u>	<u>7,197</u>	<u>(83)</u>	<u>77,704</u>	<u>1,774</u>	<u>11,265</u>	<u>151</u>
Total public support and revenue	<u>812,895</u>	<u>1,159,251</u>	<u>1,517,604</u>	<u>1,195,541</u>	<u>4,929</u>	<u>1,303,526</u>	<u>956,072</u>	<u>1,087,701</u>	<u>438,596</u>
Expenses									
Program Services	799,397	1,021,503	1,369,860	1,194,392	-	1,211,407	760,757	1,104,043	329,297
Management and general	23,047	40,230	74,876	51,180	-	20,345	27,484	39,128	70,892
Fundraising	-	-	-	-	86,034	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>822,444</u>	<u>1,061,733</u>	<u>1,444,736</u>	<u>1,245,572</u>	<u>86,034</u>	<u>1,231,752</u>	<u>788,241</u>	<u>1,143,171</u>	<u>400,189</u>
Change in net assets	(9,549)	97,518	72,868	(50,031)	(81,105)	71,774	167,831	(55,470)	38,407
Net assets, beginning of the year	(28,921)	378,971	(65,729)	569,750	354,492	403,770	285,809	537,071	126,799
Net assets, end of the year	<u>\$ (38,470)</u>	<u>\$ 476,489</u>	<u>\$ 7,139</u>	<u>\$ 519,719</u>	<u>\$ 273,387</u>	<u>\$ 475,544</u>	<u>\$ 453,640</u>	<u>\$ 481,601</u>	<u>\$ 165,206</u>

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Georgia Properties	AMikids Infinity Chicago	AMikids Infinity Wake County	AMikids Infinity Newberry	AMikids Infinity Marlboro	AMikids Infinity Sarasota	AMikids Infinity Orangeburg	AMikids Jacksonville	AMikids Jefferson
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 529,236	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	679,830
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Federal Support	-	-	-	-	-	-	-	-	-
Regional Funds	-	1,337,498	152,141	-	400,000	-	225,000	485,705	217,504
Contributions	-	30,040	-	3	19,727	-	187	21,871	7,834
Total Public Support	-	1,367,538	152,141	3	419,727	-	225,187	1,036,812	905,168
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	2,022	247	14	8	57	10	82	6,912	-
Other	430,000	635	-	-	3,678	-	170	2,897	-
Total revenue	432,022	882	14	8	3,735	10	252	9,809	-
Total public support and revenue	432,022	1,368,420	152,155	11	423,462	10	225,439	1,046,621	905,168
Expenses									
Program Services	127,456	1,119,782	90,125	9,051	352,039	36,972	187,781	1,102,353	984,111
Management and general	50,816	296,920	27,686	661	63,748	26	37,658	31,810	46,976
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	178,272	1,416,702	117,811	9,712	415,787	36,998	225,439	1,134,163	1,031,087
Change in net assets	253,750	(48,282)	34,344	(9,701)	7,675	(36,988)	-	(87,542)	(125,919)
Net assets, beginning of the year	2,870,211	(201,242)	-	9,701	32,213	36,988	-	680,674	(683,210)
Net assets, end of the year	\$ 3,123,961	\$ (249,524)	\$ 34,344	\$ -	\$ 39,888	\$ -	\$ -	\$ 593,132	\$ (809,129)

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Graduate School	AMikids Middle Georgia	South Carolina Wilderness Institute	AMikids Pasco	AMikids Norfolk	AMikids Northeast Louisiana	AMikids Orlando	AMikids Palm Beach	AMikids Panama City Marine Institute
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ 498,768	\$ -	\$ -	\$ 529,053	\$ 519,186	\$ 522,921
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	678,948	-	-	-
Georgia	-	1,188,570	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Federal Support	-	-	-	-	-	-	-	-	-
Regional Funds	-	268,018	-	351,656	448,732	328,620	431,830	368,901	809,543
Contributions	766,025	2,379	-	18,053	2,823	3,926	18,347	17,251	84,941
Total Public Support	766,025	1,458,967	-	868,477	451,555	1,011,494	979,230	905,338	1,417,405
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	(50)	5,897	-	9,508	-	-	182	53	17
Other	-	63	-	11,836	15,363	16	4,195	362	54,180
Total revenue	(50)	5,960	-	21,344	15,363	16	4,377	415	54,197
Total public support and revenue	765,975	1,464,927	-	889,821	466,918	1,011,510	983,607	905,753	1,471,602
Expenses									
Program Services	14,911	1,506,792	-	939,897	426,522	1,106,361	925,543	1,061,758	1,363,628
Management and general	1,962	25,740	816	29,389	68,946	38,862	55,806	46,050	46,799
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	16,873	1,532,532	816	969,286	495,468	1,145,223	981,349	1,107,808	1,410,427
Change in net assets	749,102	(67,605)	(816)	(79,465)	(28,550)	(133,713)	2,258	(202,055)	61,175
Net assets, beginning of the year	-	818,485	297,502	912,186	(591,127)	647,672	154,066	(631,144)	326,545
Net assets, end of the year	\$ 749,102	\$ 750,880	\$ 296,686	\$ 832,721	\$ (619,677)	\$ 513,959	\$ 156,324	\$ (833,199)	\$ 387,720

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Piedmont	AMikids Pinellas	AMikids Peninsula	AMikids Red River	AMikids Rio Grande Valley	AMikids Sandoval	AMikids Savannah River	AMikids Louisiana Properties	AMikids Southwest Florida
Public Support and revenue:									
State support:									
Florida	\$ -	\$ 524,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525,901
South Carolina	1,116,402	-	-	-	-	-	-	-	-
Louisiana	-	-	-	887,784	-	-	-	-	-
Georgia	-	-	-	-	-	-	6,809,225	-	-
Texas	-	-	-	-	404,557	-	-	-	-
Federal Support	-	-	-	-	-	129,574	-	-	-
Regional Funds	73,556	352,557	-	323,047	44,114	-	42,876	-	493,630
Contributions	25,412	56,835	-	19,223	26,186	-	116,080	50,000	20,857
Total Public Support	<u>1,215,370</u>	<u>934,311</u>	<u>-</u>	<u>1,230,054</u>	<u>474,857</u>	<u>129,574</u>	<u>6,968,181</u>	<u>50,000</u>	<u>1,040,388</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	30	389	-	-	2	-	7,315	18,425	5,873
Other	-	29,222	13,800	3,353	7,220	-	35,202	410,688	10,627
Total revenue	<u>30</u>	<u>29,611</u>	<u>13,800</u>	<u>3,353</u>	<u>7,222</u>	<u>-</u>	<u>42,517</u>	<u>429,113</u>	<u>16,500</u>
Total public support and revenue	<u>1,215,400</u>	<u>963,922</u>	<u>13,800</u>	<u>1,233,407</u>	<u>482,079</u>	<u>129,574</u>	<u>7,010,698</u>	<u>479,113</u>	<u>1,056,888</u>
Expenses									
Program Services	1,246,437	956,359	8,298	1,144,484	875,671	781,569	7,720,020	227,309	1,041,950
Management and general	16,164	25,672	5,175	22,210	13,123	40,760	67,675	816	28,183
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>1,262,601</u>	<u>982,031</u>	<u>13,473</u>	<u>1,166,694</u>	<u>888,794</u>	<u>822,329</u>	<u>7,787,695</u>	<u>228,125</u>	<u>1,070,133</u>
Change in net assets	(47,201)	(18,109)	327	66,713	(406,715)	(692,755)	(776,997)	250,988	(13,245)
Net assets, beginning of the year	164,194	370,377	(32,541)	572,547	(264,677)	-	1,255,173	1,216,538	678,090
Net assets, end of the year	<u>\$ 116,993</u>	<u>\$ 352,268</u>	<u>\$ (32,214)</u>	<u>\$ 639,260</u>	<u>\$ (671,392)</u>	<u>\$ (692,755)</u>	<u>\$ 478,176</u>	<u>\$ 1,467,526</u>	<u>\$ 664,845</u>

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Southwest Louisiana	AMikids Space Coast	AMikids Tallahassee	AMikids Tampa	AMikids Volusia	AMikids Virginia Wilderness	AMikids West Florida	AMikids WINGS South Florida	AMikids WINGS Pennsylvania
Public Support and revenue:									
State support:									
Florida	\$ -	\$ 978,457	\$ 525,490	\$ 516,687	\$ 451,554	\$ -	\$ 1,072,600	\$ 1,052,876	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	828,391	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
Federal Support	-	-	-	-	-	-	-	-	-
Regional Funds	307,363	402,340	391,974	360,349	474,190	1,141,544	657,363	268,406	-
Contributions	2,032	45,553	15,569	25,383	4,243	1,289	11,238	77,222	-
Total Public Support	<u>1,137,786</u>	<u>1,426,350</u>	<u>933,033</u>	<u>902,419</u>	<u>929,987</u>	<u>1,142,833</u>	<u>1,741,201</u>	<u>1,398,504</u>	<u>-</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income (loss)	60	250	-	2	-	8	84	66	-
Other	1,042	106,004	13,686	62,688	-	1,978	2,666	10,087	-
Total revenue	<u>1,102</u>	<u>106,254</u>	<u>13,686</u>	<u>62,690</u>	<u>-</u>	<u>1,986</u>	<u>2,750</u>	<u>10,153</u>	<u>-</u>
Total public support and revenue	<u>1,138,888</u>	<u>1,532,604</u>	<u>946,719</u>	<u>965,109</u>	<u>929,987</u>	<u>1,144,819</u>	<u>1,743,951</u>	<u>1,408,657</u>	<u>-</u>
Expenses									
Program Services	1,064,092	1,529,055	988,519	962,964	693,298	929,492	1,751,490	1,691,572	-
Management and general	27,463	34,572	31,693	25,702	36,891	178,441	78,529	29,833	610
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>1,091,555</u>	<u>1,563,627</u>	<u>1,020,212</u>	<u>988,666</u>	<u>730,189</u>	<u>1,107,933</u>	<u>1,830,019</u>	<u>1,721,405</u>	<u>610</u>
Change in net assets	47,333	(31,023)	(73,493)	(23,557)	199,798	36,886	(86,068)	(312,748)	(610)
Net assets, beginning of the year	(355,276)	1,296,593	451,369	522,715	(161,410)	639,457	(487,545)	(1,098,164)	610
Net assets, end of the year	<u>\$ (307,943)</u>	<u>\$ 1,265,570</u>	<u>\$ 377,876</u>	<u>\$ 499,158</u>	<u>\$ 38,388</u>	<u>\$ 676,343</u>	<u>\$ (573,613)</u>	<u>\$ (1,410,912)</u>	<u>\$ -</u>

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AMIkids, Inc. and Affiliates
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Schedule II

	AMIkids WINGS Texas	AMIkids Y.E.S.	Total	Eliminations	Total
Public Support and revenue:					
State support:					
Florida	\$ -	\$ 970,603	\$ 20,058,266	\$ -	\$ 20,058,266
South Carolina	-	-	8,338,623	-	8,338,623
Louisiana	-	-	8,669,111	-	8,669,111
Georgia	-	-	10,849,086	-	10,849,086
Texas	357,408	-	896,429	-	896,429
Federal Support	-	-	152,440	5,571,604	5,724,044
Regional Funds	43,042	654,667	20,467,435	(5,571,604)	14,895,831
Contributions	18,145	20,352	3,175,308	(355,876)	2,819,432
Total Public Support	<u>418,595</u>	<u>1,645,622</u>	<u>72,606,698</u>	<u>(355,876)</u>	<u>72,250,822</u>
Revenue					
Boat Program	-	-	10,836,764		10,836,764
Investment income (loss)	52	102,580	934,561	(332,446)	602,115
Other	1,963,967	6,091	4,563,081	(3,747,501)	815,580
Total revenue	<u>1,964,019</u>	<u>108,671</u>	<u>16,334,406</u>	<u>(4,079,947)</u>	<u>12,254,459</u>
Total public support and revenue	<u>2,382,614</u>	<u>1,754,293</u>	<u>88,941,104</u>	<u>(4,435,823)</u>	<u>84,505,281</u>
Expenses					
Program Services	1,008,526	1,633,198	67,495,129	(1,250,600)	66,244,529
Management and general	43,568	91,014	12,927,057	(2,727,632)	10,199,425
Fundraising	-	-	921,954	(276,663)	645,291
Boat Program	-	-	8,129,013	(40,000)	8,089,013
Total expenses	<u>1,052,094</u>	<u>1,724,212</u>	<u>89,473,153</u>	<u>(4,294,895)</u>	<u>85,178,258</u>
Change in net assets	1,330,520	30,081	(532,049)	(140,928)	(672,977)
Net assets, beginning of the year	(1,324,913)	811,320	37,063,792	1,190,861	38,254,653
Net assets, end of the year	<u>\$ 5,607</u>	<u>\$ 841,401</u>	<u>\$ 36,531,743</u>	<u>\$ 1,049,933</u>	<u>\$ 37,581,676</u>

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AMIkids, Inc. and Affiliates
Public Support and Revenue Information

Schedule III

For the Year Ended June 30, 2011

	<u>State</u>	<u>School Districts</u>	<u>Federal Support</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	\$ 20,058,266	8,538,790	\$ 3,693,235	\$ 460,719	\$ 252,708	\$ 1,533,731	\$ 10,836,764	\$ 2,398,471	\$ 47,772,684
Georgia	10,849,086	438,649	170,360	1,750	-	129,739	-	485,960	12,075,544
Illinois	-	1,303,025	34,473	-	-	30,040	-	882	1,368,420
Louisiana	8,669,111	1,808,912	672,927	60,000	38,611	941,810	-	440,020	12,631,391
New Mexico	-	-	152,440	-	-	-	-	-	152,440
North Carolina	-	152,141	-	-	-	-	-	14	152,155
South Carolina	8,338,623	625,000	504,496	34,206	-	491,547	-	169,904	10,163,776
Texas	896,429	-	58,116	-	29,041	44,329	-	1,971,242	2,999,157
Virginia	-	48,320	437,997	1,898	1,102,061	4,112	-	31,149	1,625,537
	<u>48,811,515</u>	<u>12,914,837</u>	<u>5,724,044</u>	<u>558,573</u>	<u>1,422,421</u>	<u>3,175,308</u>	<u>10,836,764</u>	<u>5,497,642</u>	<u>88,941,104</u>
Less Intercompany Revenue	-	-	-	-	-	(355,876)	-	(4,079,947)	(4,435,823)
Total Public Support & Revenue	<u>\$ 48,811,515</u>	<u>\$ 12,914,837</u>	<u>\$ 5,724,044</u>	<u>\$ 558,573</u>	<u>\$ 1,422,421</u>	<u>\$ 2,819,432</u>	<u>\$ 10,836,764</u>	<u>\$ 1,417,695</u>	<u>\$ 84,505,281</u>

For the Year Ended June 30, 2010

	<u>State</u>	<u>School Districts</u>	<u>Federal Support</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	\$ 20,117,975	\$ 8,813,345	\$ 2,884,141	\$ 514,228	\$ 212,619	\$ 1,419,685	\$ 5,198,648	\$ 2,106,996	\$ 41,267,637
Georgia	11,058,575	345,866	110,003	-	-	176,042	-	692,707	12,383,193
Illinois	-	1,339,716	44,718	-	-	9,980	-	14,512	1,408,926
Louisiana	9,594,547	2,023,640	704,971	54,000	423	668,620	-	444,782	13,490,983
Pennsylvania	170,970	-	21,799	-	-	20,413	-	1,152,078	1,365,260
South Carolina	9,648,315	903,817	572,795	33,256	-	1,168,043	-	200,377	12,526,603
Texas	2,002,761	-	98,925	-	3,560	49,920	-	6,096	2,161,262
Virginia	-	48,320	148,502	-	956,229	13,822	-	841	1,167,714
	<u>52,593,143</u>	<u>13,474,704</u>	<u>4,585,853</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>\$ 13,474,704</u>	<u>\$ 4,403,853</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>

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, 2011

<u>Federal Agency/ Program</u>	<u>CFDA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture (passed through Florida and Louisiana Departments of Education):</u>			
School Breakfast Program	10.553	01-0233 (Florida)	\$ 304,478
School Breakfast Program	10.553	N/A (Louisiana)	20,515
National School Lunch Program	10.555	01-0233 (Florida)	622,569
National School Lunch Program	10.555	N/A (Louisiana)	37,827
Total – Child Nutrition Cluster			\$ 985,389
<u>U.S. Department of Education (passed through Florida Department of Education):</u>			
ARRA – State Fiscal Stabilization Fund	84.397	29F-5921S-1RZE1	\$ 6,833
Total Expenditures of Federal Awards			\$ 992,222
<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, R2098	\$ 7,199,389
Delinquency Secure Residential Contracted Facilities	80.017	S9G01	1,151,125
Day Treatment Services	80.021	P2011, V8S02	11,707,752
Total Expenditures of State Financial Assistance – Florida			\$20,058,266
<u>Texas Youth Commission:</u>			
Residential Services	N/A	RS05453, RS111	\$ 475,949
Residential Services	N/A	RS111	420,480
Total Expenditures of State Financial Assistance – Texas			\$ 896,429

AMIkids, Inc.
**Note to Schedule of Expenditures of Federal Awards
and State Financial Assistance**

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*, Rules of the Florida Department of Financial Services, Chapter 69I-5, Florida Administrative Code 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.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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, 2011, and have issued our report thereon dated September 16, 2011. 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 16, 2011



Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and State of Florida's Chapter 10.650, Rules of the Auditor General

Board of Trustees
AMikids, Inc.

Compliance

We have audited AMikids, Inc. (a nonprofit organization) compliance 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 Florida Department of Financial Services *State Projects Compliance Supplement* and State of Texas *Uniform Grants Management Standards* that could have a direct and material effect on each of AMikids, Inc.'s major federal programs and state projects for the year ended June 30, 2011. AMikids, Inc.'s major federal programs 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 each of its major federal programs and 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 \$4,731,822 in total federal awards which is not included in the schedule of expenditures of federal awards and state financial assistance for the year ended June 30, 2011. Our audit, described below, did not include the operations of the Institutes because the federal awards for each Institute were 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 could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2011.

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 16, 2011

AMikids, Inc.
Schedule of Findings and Questioned Costs – Federal Programs and State Projects
Year Ended June 30, 2011

Year ended June 30, 2011

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
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Programs and State Projects

Internal control over major programs and projects:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies 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 10.656(3)(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

State of Florida CSFA Number

80.021

Name of State Project

Day Treatment Services

State of Texas grant number

RS05453

Name of State Project

Residential Services

RS111

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>\$604,100</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.