

**AMlkids, Inc. and Affiliates**  
Combined Financial Statements and Schedules  
Year ended June 30, 2012  
(With comparative information for 2011)

**AMIkids, Inc. and Affiliates**  
**Index**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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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. and Affiliates (the "Organization") as of June 30, 2012, 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 2011 has been derived from the combined financial statements of AMIkids, Inc. and Affiliates as of and for the year ended June 30, 2011, and, in our report dated September 16, 2011 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 the Organization's 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 accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of AMIkids, Inc. and Affiliates as of June 30, 2012, 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 18, 2012 on our consideration of the Organization'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 State of Texas Single Audit Circular and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 18, 2012

**AMIkids, Inc. and Affiliates**  
**Combined Statement of Financial Position**  
**June 30, 2012**  
**(With comparative financial information for 2011)**

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	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 9,029,385	\$ 9,822,645
Investments	8,201,903	9,233,411
Accounts Receivable:		
Funding Agencies	4,903,497	4,496,078
Other, net of allowances of \$349,250 and \$0 as of June 30, 2012 and 2011, respectively	562,860	1,133,159
Prepaid Expenses and Other Assets	2,217,521	1,929,593
Boat Inventory	2,902,069	3,040,069
Boats under Lease	6,289,386	7,121,095
Property and Equipment, Net	15,885,230	17,328,768
	<u>\$ 49,991,851</u>	<u>\$ 54,104,818</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Lines of Credit	\$ 940	\$ 1,473
Accounts Payable	969,376	1,441,770
Accrued Expenses	7,851,673	7,765,540
Accrued Pension	1,352,664	1,380,934
Deferred Revenues	736,179	347,078
Security Deposits	1,557,141	1,695,170
Notes Payable	3,731,828	3,891,177
Total Liabilities	<u>16,199,801</u>	<u>16,523,142</u>
Net Assets:		
Unrestricted	30,636,646	34,573,569
Temporarily Restricted	2,998,314	2,851,017
Permanently Restricted	157,090	157,090
Total Net Assets	<u>33,792,050</u>	<u>37,581,676</u>
	<u>\$ 49,991,851</u>	<u>\$ 54,104,818</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, 2012**  
**(With summarized financial information for 2011)**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Totals</u>	
				<u>2012</u>	<u>2011</u>
Public support and revenue:					
State support:					
Florida	\$ 20,097,838	\$ -	\$ -	\$ 20,097,838	\$ 20,058,266
South Carolina	8,217,944	-	-	8,217,944	8,338,623
Louisiana	5,204,079	-	-	5,204,079	8,669,111
Georgia	5,717,303	-	-	5,717,303	10,849,086
Texas	597,613	-	-	597,613	896,429
North Carolina	1,316,050	-	-	1,316,050	-
Federal support	9,994,092	-	-	9,994,092	5,724,044
Regional funds	13,511,436	-	-	13,511,436	14,895,831
Contributions	1,174,277	832,929	-	2,007,206	2,819,432
Total public support	<u>65,830,632</u>	<u>832,929</u>	<u>-</u>	<u>66,663,561</u>	<u>72,250,822</u>
Revenue:					
Boat program	5,318,166	-	-	5,318,166	10,836,764
Investment income	132,854	3,400	-	136,254	602,115
Other	723,825	-	-	723,825	815,580
Total revenue	<u>6,174,845</u>	<u>3,400</u>	<u>-</u>	<u>6,178,245</u>	<u>12,254,459</u>
Net assets released from restrictions	<u>689,032</u>	<u>(689,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>72,694,509</u>	<u>147,297</u>	<u>-</u>	<u>72,841,806</u>	<u>84,505,281</u>
Expenses:					
Program services	61,336,670	-	-	61,336,670	66,244,529
Management and general	9,748,827	-	-	9,748,827	10,199,425
Fundraising	545,302	-	-	545,302	645,291
Boat program	5,000,633	-	-	5,000,633	8,089,013
Total expenses	<u>76,631,432</u>	<u>-</u>	<u>-</u>	<u>76,631,432</u>	<u>85,178,258</u>
Change in net assets	<u>(3,936,923)</u>	<u>147,297</u>	<u>-</u>	<u>(3,789,626)</u>	<u>(672,977)</u>
Net assets, beginning 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>
Net assets, end of year	<u>\$ 30,636,646</u>	<u>\$ 2,998,314</u>	<u>\$ 157,090</u>	<u>\$ 33,792,050</u>	<u>\$ 37,581,676</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, 2012**  
**(With summarized financial information for 2011)**

	<b>Total Program Services</b>	<b>Supporting Services</b>			<b>Total Support Services</b>	<b>Totals</b>	
		<b>Management and general</b>	<b>Fund Raising</b>	<b>Boat Program</b>		<b>2012</b>	<b>2011</b>
Salaries	\$ 33,849,268	\$ 3,513,493	\$ 254,204	\$ 394,635	\$ 4,162,332	\$ 38,011,600	\$ 41,615,314
Employee benefits and payroll taxes	9,905,696	1,358,971	47,015	132,731	1,538,717	11,444,413	13,414,368
Commissions	-	-	-	880,043	880,043	880,043	2,097,890
Travel	804,199	490,800	45,709	102,172	638,681	1,442,880	1,511,004
Conferences and training	1,005,523	125,130	3,266	1,294	129,690	1,135,213	1,263,429
Books and publications	29,753	30,376	15,482	2,775	48,633	78,386	89,010
Rent and utilities	2,840,540	155,531	-	13,489	169,020	3,009,560	2,990,245
Insurance	1,593,735	69,228	-	151,733	220,961	1,814,696	1,986,027
Telephone	883,273	154,747	6,411	19,553	180,711	1,063,984	976,864
Professional fees	597,925	1,085,169	71,983	136,537	1,293,689	1,891,614	2,113,704
Postage	-	149,154	8,325	3,338	160,817	160,817	181,454
Student supplies and training	4,178,131	401,085	32,794	35,587	469,466	4,647,597	5,042,828
Community development	257,241	409,410	53,139	765	463,314	720,555	770,776
Equipment and maintenance	2,619,557	487,839	1,163	711,104	1,200,106	3,819,663	4,640,801
Transportation	-	26,589	-	120,887	147,476	147,476	79,820
Dockage	-	-	-	103,803	103,803	103,803	138,694
Interest	168,517	114,971	2,261	23,140	140,372	308,889	354,750
Depreciation and amortization	2,500,353	201,119	-	39,599	240,718	2,741,071	2,953,415
Amortization of Boats on Charter	-	-	-	2,089,332	2,089,332	2,089,332	2,757,286
Other	102,959	975,215	3,550	38,116	1,016,881	1,119,840	200,579
<b>Total Expenses</b>	<b>\$ 61,336,670</b>	<b>\$ 9,748,827</b>	<b>\$ 545,302</b>	<b>\$ 5,000,633</b>	<b>\$ 15,294,762</b>	<b>\$ 76,631,432</b>	<b>\$ 85,178,258</b>

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

**AMIkids, Inc. and Affiliates**  
**Combined Statement of Cash Flows**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,789,626)	\$ (672,977)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,741,071	2,953,415
Loss on disposal/impairment of property and equipment	527,979	10,256
Donated property and equipment	(123,440)	(141,503)
Realized and unrealized gains on investments	(20,824)	(412,487)
Uncollectible pledge expense	349,250	-
(Increase) decrease in:		
Accounts receivable	(186,370)	1,333,655
Prepaid expenses and other assets	(177,928)	138,701
Boat Inventory	138,000	435,256
Boats under Lease	831,709	(290,775)
Increase (decrease) in:		
Accounts payable	(472,394)	708,204
Accrued expenses	86,133	691,876
Accrued pension	(28,270)	327,297
Deferred revenues	3,117	(367,968)
Security deposits	(138,029)	7,106
Net cash provided by (used in) operating activities	<u>(259,622)</u>	<u>4,720,056</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,344,142)	(1,921,100)
Proceeds from sale of property and equipment	26,592	55,710
Proceeds from sale of investments	9,274,083	3,791,238
Purchases of investments	(8,221,750)	(3,292,869)
Net cash used in investing activities	<u>(265,217)</u>	<u>(1,367,021)</u>
Cash flows from financing activities:		
Net (repayments) borrowings on lines of credit	(533)	(212,558)
Proceeds from new borrowings from third parties	200,000	-
Payments on notes payable	(467,888)	(585,976)
Net cash used in financing activities	<u>(268,421)</u>	<u>(798,534)</u>
Net increase (decrease) in cash and cash equivalents	(793,260)	2,554,501
Cash and cash equivalents at beginning of year	9,822,645	7,268,144
Cash and cash equivalents at end of year	<u>\$ 9,029,385</u>	<u>\$ 9,822,645</u>
Cash paid for interest	<u>\$ 308,889</u>	<u>\$ 354,750</u>
Supplemental disclosure of noncash investing and financing activities:		
Financed purchases of property and equipment	\$ 108,539	\$ 44,825
Other noncash additions of property and equipment	385,984	170,372

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, 2012**

#### **(With comparative financial information for 2011)**

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#### **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<sup>®</sup>. These services are performed by AMIkids through over sixty 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 combined 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, 2012**

#### **(With comparative financial information for 2011)**

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#### **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 combined financial statements as of the trade date.

#### **Accounts Receivable**

Accounts receivable consists primarily of receivables from state agencies and county school boards. AMIkids considers these 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. As of June 30, 2012, the Organization does not consider its pledges receivable, which are included in accounts receivable – other, fully collectible and has therefore recorded an allowance of \$349,250. The establishment of this allowance is reflected as management and general in other expense in the combined statement of functional expenses.

#### **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, 2012 and 2011, no such donations were received.

#### **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 2013, 2014 and 2015 are approximately \$1,326,000, \$659,000, and \$193,000, respectively. At June 30, 2012 and 2011, the unexercised purchase options were approximately \$4,272,000 and \$4,644,000, respectively. The gross value and accumulated depreciation on leased property as of June 30, 2012 was approximately \$10,250,000 and \$3,909,000, 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. Amortization of boats under lease amounted to \$2,120,332 and \$2,671,471 for the years ended June

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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30, 2012 and 2011, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was \$1,712,605 and \$3,691,754 for the years ended June 30, 2012 and 2011, respectively.

**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

**Assets Held for Sale**

As of June 30, 2012, the Organization intends to sell the following vacated properties and has classified the net book value of the land, building and improvements as Prepaid Expenses and Other Assets on the combined statement of financial position:

<u>Institute</u>	<u>Property held for sale</u>	
AMIkids Pasco	Land	\$ 110,000
AMIkids Peninsula	Land, buildings and improvements	299,750
AMIkids Wings-Texas	Land, buildings and improvements	322,610
		<u>\$ 732,360</u>

**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. During 2012, AMIkids recorded long-lived asset impairment charges as follows: 1) AMIkids Pasco, Inc. ("Pasco"): due to the loss of Pasco's principal funding source, Pasco expects to dispose of both parcels of property it holds before the end of their useful lives and, therefore, recorded \$316,800 in impairment charges based on offers to purchase the properties; 2) AMIkids, Inc. holds land and improvements in Louisiana on which construction is not expected in the foreseeable future and, therefore, recorded \$111,623 in impairment charges in 2012 based on an offer to purchase the property. Leasehold improvements to the AMIkids Polk, Inc. and AMIkids Chicago, Inc. facilities in

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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the amounts of \$53,991 and \$13,477, respectively, were also written off due to the closure of these institutes (see Note 13). Impairment charges amounted to \$495,891 during 2012 and are recorded as other expense within the combined statement of functional expenses.

**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 \$531,000 and \$530,000 for the years ended June 30, 2012 and 2011, respectively, and are reflected as contributions revenue and rent and utilities expense, respectively, in the accompanying combined financial statements.

**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 is primarily special fundraising 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, 2012 and 2011, donated services were not material to the financial statements.

# **AMIkids, Inc. and Affiliates**

## **Notes to Combined Financial Statements**

### **Year ended June 30, 2012**

#### **(With comparative financial information for 2011)**

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#### **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, 2012. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts receivable, accounts payable, and accrued expenses. The fair value of 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, 2012 and 2011 consist of cash equivalents of \$5,864,026 and \$5,537,843 and investments of \$2,187,660 and \$2,301,717, respectively. Level 1 investments include 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, 2012 and 2011 consist of corporate bonds (included in pooled fixed income funds in Note 2) of \$171,056 and \$172,504, respectively, and cash surrender of insurance policies of \$69,327 and \$65,647, 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.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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**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 identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the combined statement of financial position. The Organization has not recognized a liability for uncertain tax positions. 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.

The Organization files informational and income tax returns in the U.S. Federal jurisdiction and various States. The Institute's federal informational and income tax returns for tax years 2008 and beyond remain subject to examination by the Internal Revenue Service.

**Summarized Financial Information for 2011**

The financial information for the year ended June 30, 2011 is presented for comparative purposes, and is not intended to be a complete presentation. Certain amounts for fiscal 2011 have been reclassified to conform with their presentation in the 2012 financial statements with no impact on total net assets or changes in net assets.

**2. Investments**

Investments at June 30, 2012 and 2011 consist of:

	2012		2011	
	Cost	Fair value	Cost	Fair value
Restricted cash equivalents	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Certificates of deposit	5,667,516	5,673,860	6,583,752	6,593,543
Pooled equity funds	1,354,399	1,504,799	1,291,982	1,469,841
Pooled fixed income funds	499,437	537,716	487,738	514,119
Equity securities	256,229	316,201	211,604	240,269
Cash surrender value of insurance policies	69,327	69,327	65,647	65,647
Government securities	-	-	249,940	249,992
	\$ 7,946,908	\$ 8,201,903	\$ 8,990,663	\$ 9,233,411

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
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**(With comparative financial information for 2011)**

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Investment income was comprised of the following for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 115,430	\$ 189,628
Net realized and unrealized gains	20,824	412,487
	<u>\$ 136,254</u>	<u>\$ 602,115</u>

**3. Property and Equipment**

Property and equipment at June 30, 2012 and 2011 consist of:

	<u>2012</u>	<u>2011</u>
Land and permanent site improvements	\$ 5,675,949	\$ 5,763,032
Buildings and leasehold improvements	24,772,289	24,790,970
Furniture, fixtures and equipment	9,313,050	9,408,900
Motor vehicles	3,828,361	3,833,321
Boats, motors and trailers	812,654	774,194
Swimming Pools	492,319	494,455
Construction in progress (estimate to complete is \$651,000)	416,439	534,931
	45,311,061	45,599,803
Less accumulated depreciation and amortization	(29,425,831)	(28,271,035)
	<u>\$ 15,885,230</u>	<u>\$ 17,328,768</u>

Included in furniture, fixtures and equipment are assets recorded under capital leases with a cost and accumulated depreciation of \$303,217 and \$161,168, respectively, at June 30, 2012 and \$360,731 and \$217,234, respectively, at June 30, 2011.

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, 2012**  
**(With comparative financial information for 2011)**

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**4. Lines of Credit**

Lines of credit at June 30, 2012 and 2011 consist of:

<b>Entity</b>	<b>2012</b>	<b>2011</b>
<b>AMIkids, Inc.</b> Line of Credit, maximum available \$5,000,000, bearing interest at the LIBOR Index plus 2.1%, (interest rate at June 30, 2012 was 2.34%), expiring January 2013, collateralized by government receivables	\$ -	\$ -
<b>AMIkids, Inc.</b> Line of Credit, maximum available \$4,000,000, bearing interest at the LIBOR Index plus 2.1% , (interest rate at June 30, 2012 was 2.34%), expiring January 2013, collateralized by boat inventory	-	-
<b>AMIkids, Inc.</b> Line of Credit, maximum available \$5,000,000, bearing interest at the LIBOR Index plus 2.1% , (interest rate at June 30, 2012 was 2.34%), expiring January 2013, collateralized by boat lease receivables	-	-
<b>Space Coast</b> Line of Credit, maximum available \$100,000, interest rate tied to the WSJ Prime Rate plus 1.5% with a floor rate of 5% (interest rate at June 30, 2012 was 5.00%), expiring December 2012, collateralized by building	-	-
<b>Tampa</b> Line of Credit, maximum available \$20,000, interest at prime plus 2% (interest rate at June 30, 2012 was 5.25%), due on demand, uncollateralized	940	1,473
<b>Total Lines of Credit</b>	<b>\$ 940</b>	<b>\$ 1,473</b>

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, 2012, the Organization had a maximum of approximately \$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, 2012 and 2011.

**AMKids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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**5. Notes Payable**

Notes payable at June 30, 2012 and 2011 consists of:

<b>Entity</b>	<b>2012</b>	<b>2011</b>
<b>AMKids, Inc</b> Mortgage payable bearing interest at LIBOR index plus 2.1% (interest rate at June 30, 2012 was 2.34%); monthly installments of \$7,711 plus interest, due April 2017 with a final payment of \$7,843, collateralized by building, refinanced in 2012	\$ 443,571	\$ 489,172
<b>AMKids, Inc</b> Mortgage payable bearing interest at LIBOR index plus 2.1% (interest rate at June 30, 2012 was 2.34%); monthly installments of \$4,564 plus interest,; due April 2017 with a final payment of \$4,565, collateralized by building, refinanced in 2012	264,727	291,781
<b>Beaufort</b> Note payable with final payment due March 2012, Including interest at 1.995% at payoff, paid in full during 2012	-	23,000
<b>Baton Rouge</b> Mortgage payable of up to \$500,000 in yearly installments of \$25,000 or equivalent service to clients commencing one year after construction, interest at 0.0%, due February 2034, collateralized by land; project on hold as of June 30, 2012 and repayment may be required in 2013	200,000	-
<b>Baton Rouge</b> Mortgage payable in monthly installments of \$2,801 including interest at 6.03%, due May 2012, paid in full during 2012	-	10,123
<b>Baton Rouge</b> Note payable in monthly installments of \$1,783 including interest at 5.9%, due September 2014, collateralized by vehicles	38,921	57,375
<b>Baton Rouge</b> Note payable in monthly installments of \$792, including interest at 5.90%, due August 2016; collateralized by vehicle	35,005	-
<b>Pensacola</b> 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	96,422	106,257
<b>Manatee</b> Note payable in monthly installments of \$746, including interest at 10%, due December 2013, collateralized by equipment	12,421	19,727



**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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<b>Entity</b>	<b>2012</b>	<b>2011</b>
<b>Jacksonville</b> Note payable in monthly installments of \$500, including interest at 13.3%, due March 2015, collateralized by equipment under capital lease	13,748	17,632
<b>Jefferson</b> Mortgage payable in monthly principal installments of \$2,398, plus interest of LIBOR Index rate plus 2.1%, (interest rate at June 30, 2012 was 2.34%); due April 2017, collateralized by three modular buildings, refinanced in 2012	137,042	150,507
<b>Louisiana Properties</b> Mortgage payable in monthly installments of \$24,085, plus interest of 5.2% , due January 2019, collateralized by real estate in Branch, Louisiana and Lake Charles, Louisiana	1,608,323	1,808,044
<b>Pasco</b> Mortgage payable in monthly installments of \$1,485 including interest at 7.70%, due August 2021, collateralized by building	118,048	126,306
<b>Orlando</b> Mortgage payable in monthly installments of \$1,370 including interest at 7.25%, due November 2017, collateralized by building	73,325	84,010
<b>Palm Beach</b> Note payable in monthly installments of \$513, including interest at 4%, due April 2017, collateralized by equipment	24,597	-
<b>Panama City</b> Mortgage payable in monthly installments of \$3,103 including interest at 4.5%, balloon payment of \$295,643, due January 2022, collateralized by land and buildings, refinanced in 2012	481,430	485,570
<b>Piedmont</b> Mortgage payable in monthly installments of \$662 including interest at 6.5%, balloon payment of \$34,408, due November 2016, collateralized by building, refinanced in 2012	52,160	59,506
<b>Various</b> Various notes payable, monthly installments from \$97 to \$593, various interest rates, due various dates through May 2017, collateralized by vehicles and equipment.	132,088	162,167
<b>Total Notes Payable</b>	<b>\$ 3,731,828</b>	<b>\$ 3,891,177</b>

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

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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Principal payments on notes payable for years subsequent to June 30, 2012 are as follows:

2013	\$ 647,506
2014	442,945
2015	486,150
2016	405,095
2017	448,769
Thereafter	<u>1,301,363</u>
	<u>\$ 3,731,828</u>

**6. Accrued Expenses**

Accrued expenses at June 30, 2012 and 2011 consist of:

	<u>2012</u>	<u>2011</u>
Workers compensation self-insurance reserve	\$ 3,377,513	\$ 2,700,136
Vehicle and other self-insurance reserve	208,612	331,339
Medical self-insurance reserve	535,259	485,572
Accrued payroll	618,026	773,612
Accrued vacation	931,354	965,987
Accrued severance and unemployment	718,661	887,097
Accrued boat program payments	737,995	789,529
Other accruals	<u>724,253</u>	<u>832,268</u>
	<u>\$ 7,851,673</u>	<u>\$ 7,765,540</u>

**7. Restrictions and Limitations on Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Education/scholarship	\$ 943,554	\$ 979,984
Building / Equipment	1,138,846	1,137,665
Girls Initiative Program	419,505	416,998
Experiential Activities	354,518	165,539
Other	<u>141,891</u>	<u>150,831</u>
	<u>\$ 2,998,314</u>	<u>\$ 2,851,017</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.

In June 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). FUPMIFA establishes statutory law governing Florida not-for-profit corporations' management of investments and is effective for institutional funds existing on or

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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established after July 1, 2012. The Institute is currently evaluating the impact of FUPMIFA on its funds and but does not anticipate that there will be a significant impact to the financial statements.

**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, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Education/scholarship	\$ 191,743	\$ 137,559
Building/ Equipment	128,502	409,625
Experiential Activities	173,677	197,259
Other	195,110	206,408
	<u>\$ 689,032</u>	<u>\$ 950,851</u>

**AMIKids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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**9. Net Assets**

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

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>AMIKids, Inc.</b>				
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	21,578,995	44,512	50,000	21,673,507
Change in Net Assets	(940,299)	1	-	(940,298)
Net Assets June 30, 2012	20,638,696	44,513	50,000	20,733,209

**AMIKids Foundation**

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	232,764	767,620	7,090	1,007,474
Change in Net Assets	(164,242)	149,740	-	(14,502)
Net Assets June 30, 2012	68,522	917,360	7,090	992,972

**Member Institutes and Schools**

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	12,761,810	2,038,885	100,000	14,900,695
Change in Net Assets	(2,832,382)	(2,444)	-	(2,834,826)
Net Assets June 30, 2012	9,929,428	2,036,441	100,000	12,065,869

Total Net Assets as of June 30, 2012	\$ 30,636,646	\$ 2,998,314	\$ 157,090	\$ 33,792,050
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**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, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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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, 2012 and 2011 was approximately \$845,000 and \$758,000, respectively. Based on the current operating leases the annual lease expense is expected to remain consistent with 2012 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 \$2,902,069 and \$3,040,069 at June 30, 2012 and 2011, 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 \$3,586,000 and \$3,031,000 at June 30, 2012 and 2011, 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 \$3,490,000, which is collateralized by investments and cash and cash equivalents held by AMIkids. Total investments and cash and cash equivalents of \$5,000,000 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 \$535,000 and \$486,000 at June 30, 2012 and 2011, 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' 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.

## **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, 2012 and 2011 was approximately \$2,061,000 and \$2,429,000 respectively.

AMIkids has certain supplemental pension agreements with key members of management, which are accrued for and included in accrued pension in the combined 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.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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**12. Related Party Transactions**

There were no related party transactions significant to the combined 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 Form 990s which AMIkids files annually with the Internal Revenue Service.

**13. Institute Openings and Closings**

During the fiscal year ended June 30, 2012, AMIkids opened AMIkids North Carolina Family Services, Inc., which provides Functional Family Therapy (FFT) for over one hundred kids and families at any point in time. AMIkids expanded operations of its Florida family services program, AMIkids Family Service, Inc., by entering into an additional agreement with the Florida Department of Juvenile Justice to provide additional FFT services for 48 kids and families. AMIkids Virginia Wilderness, Inc. also expanded and opened a girl's residential program in Lebanon, Virginia.

Effective June 30, 2012 and due to a loss of funding, the following Institutes were closed: AMIkids Polk, Inc., AMIkids Infinity Chicago, Inc., AMIkids Manatee, Inc., and AMIkids Palm Beach, Inc. AMIkids continues to pursue alternative funding with the possibility that these programs could reopen at a future date.

The Organization paid approximately \$5,000 of severance costs during 2012 related to these closures. In addition, approximately \$160,000 has been recorded in accrued expenses as of June 30, 2012 for future payments of unemployment, severance and other payroll costs related to staff terminated pursuant to the closures. The total amount expensed during the year ended June 30, 2012 related to one-time termination benefits was approximately \$165,000 and is included in program expenses on the accompanying combined statement of activities. Of this amount, \$54,000 is included in salaries and \$111,000 is included in employee benefits and payroll taxes on the accompanying combined statement of functional expenses.

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 had 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 during 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. As of June 30, 2012, \$110,000 remains in accrued unemployment expense related to these closures.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**  
**Year ended June 30, 2012**  
**(With comparative financial information for 2011)**

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**14. Subsequent Events**

The Organization has evaluated events and transactions occurring subsequent to June 30, 2012 as of September 18, 2012, which is the date the combined financial statements were available to be issued. Subsequent events occurring after September 18, 2012 have not been evaluated by management. No material events have occurred since June 30, 2012 that require recognition or disclosure in the combined financial statements, except as described below.

In August and September 2012, the loss of funding necessitated the closure of AMIkids Bayou Region, Inc., AMIkids Northeast Louisiana, Inc., and AMIkids Alexandria, Inc.

## Independent Auditors' Report on Supplementary 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 supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 18, 2012



**AMikids, Inc. and Affiliates**  
**Combining Schedule - Statement of Financial Position Information**  
**June 30, 2012**

Schedule I

	AMikids	AMikids Acadiana	AMikids Foundation	AMikids Gainesville	AMikids Family Services	AMikids Baton Rouge	AMikids Baxley Wilderness	AMikids Bayou Region	AMikids Beaufort
<b>Assets</b>									
Cash and Cash Equivalents	\$ 1,706,927	\$ 26,246	\$ 2,578,441	\$ 4,908	\$ 55,501	\$ 230,485	\$ 204,219	\$ 8,776	\$ 55,239
Investments	5,445,365	-	438,603	-	-	-	157,675	-	488,651
Accounts Receivable:									
Funding Agencies	3,727,535	4,591	-	1,350	-	10,496	-	3,861	9,467
Other, net	201,854	8,849	-	5,865	400	7,937	4,370	10,024	18,005
Prepaid Expenses and Other Assets	511,300	30,596	-	18,019	26,734	36,638	53,958	21,704	35,041
Due from Affiliates	13,181,508	117,196	-	41,090	379,970	180,711	113,900	106,824	106,174
Boat Inventory	2,902,069	-	-	-	-	-	-	-	-
Boats under Lease	6,289,386	-	-	-	-	-	-	-	-
Property and Equipment, Net	927,819	18,228	-	102,489	12,445	528,975	174,310	185,692	322,118
	<u>\$ 34,893,763</u>	<u>\$ 205,706</u>	<u>\$ 3,017,044</u>	<u>\$ 173,721</u>	<u>\$ 475,050</u>	<u>\$ 995,242</u>	<u>\$ 708,432</u>	<u>\$ 336,881</u>	<u>\$ 1,034,695</u>
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Liabilities:</b>									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	303,327	14,617	-	11,416	4,149	7,522	16,504	12,258	8,674
Accrued Expenses	8,282,168	32,202	472	28,569	18,681	61,072	34,541	33,862	54,861
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	3,548,987	1,370,162	2,023,600	477,065	7,653	39,104	28,715	207,286	34,481
Deferred Revenues	-	-	-	-	-	-	20,067	-	-
Security Deposits	1,554,641	-	-	-	-	-	-	-	-
Notes Payable	708,298	-	-	9,874	-	273,926	-	-	-
Total Liabilities	<u>14,397,421</u>	<u>1,416,981</u>	<u>2,024,072</u>	<u>526,924</u>	<u>30,483</u>	<u>381,624</u>	<u>99,827</u>	<u>253,406</u>	<u>98,016</u>
<b>Net Assets (Deficit):</b>									
Unrestricted	20,401,829	(1,217,265)	68,522	(353,903)	444,567	594,459	607,291	80,975	887,432
Temporarily Restricted	44,513	5,990	917,360	700	-	19,159	1,314	2,500	49,247
Permanently Restricted	50,000	-	7,090	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>20,496,342</u>	<u>(1,211,275)</u>	<u>992,972</u>	<u>(353,203)</u>	<u>444,567</u>	<u>613,618</u>	<u>608,605</u>	<u>83,475</u>	<u>936,679</u>
	<u>\$ 34,893,763</u>	<u>\$ 205,706</u>	<u>\$ 3,017,044</u>	<u>\$ 173,721</u>	<u>\$ 475,050</u>	<u>\$ 995,242</u>	<u>\$ 708,432</u>	<u>\$ 336,881</u>	<u>\$ 1,034,695</u>

**AMikids, Inc. and Affiliates**  
**Combining Schedule - Statement of Financial Position Information**  
**June 30, 2012**

Schedule I

	AMikids Big Cypress	AMikids Bennettsville	AMikids Sand Hills	AMikids White Pines	AMikids Alexandria	AMikids Polk	AMikids Donaldsonville	AMikids Crossroads	AMikids Miami Dade
<b>Assets</b>									
Cash and Cash Equivalents	\$ 27,092	\$ 9,978	\$ 13,013	\$ 20,164	\$ 13,213	\$ 14,557	\$ 19,541	\$ 129,876	\$ 127,438
Investments	-	-	-	-	-	-	-	532,147	-
Accounts Receivable:									
Funding Agencies	20,679	11,119	10,205	12,477	8,541	16,178	7,482	37,468	79,546
Other, net	8,237	10,318	6,535	9,605	6,902	37	7,886	9,441	14,791
Prepaid Expenses and Other Assets	20,123	27,972	27,623	27,924	35,064	1,703	9,371	31,571	41,231
Due from Affiliates	102,035	104,149	107,448	109,423	57,287	33,168	91,211	90,154	136,901
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	47,098	12,852	68,517	56,930	20,667	13,718	26,913	165,209	357,376
	<u>\$ 225,264</u>	<u>\$ 176,388</u>	<u>\$ 233,341</u>	<u>\$ 236,523</u>	<u>\$ 141,674</u>	<u>\$ 79,361</u>	<u>\$ 162,404</u>	<u>\$ 995,866</u>	<u>\$ 757,283</u>
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Liabilities:</b>									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	21,888	19,220	17,262	17,263	4,661	6,203	8,288	18,889	26,062
Accrued Expenses	50,593	41,912	45,578	45,538	36,600	41,999	42,679	40,429	66,490
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	349,034	580,872	142,063	216,251	341,795	15,178	440,733	34,570	41,873
Deferred Revenues	11,016	-	25,904	26,504	-	3,424	132,538	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	8,119	-	3,721	-	-	-	1,782	2,791	3,653
Total Liabilities	<u>440,650</u>	<u>642,004</u>	<u>234,528</u>	<u>305,556</u>	<u>383,056</u>	<u>66,804</u>	<u>626,020</u>	<u>96,679</u>	<u>138,078</u>
<b>Net Assets (Deficit):</b>									
Unrestricted	(241,537)	(465,616)	(1,350)	(72,518)	(241,882)	3,960	(464,116)	892,334	579,141
Temporarily Restricted	26,151	-	163	3,485	500	8,597	500	6,853	40,064
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(215,386)</u>	<u>(465,616)</u>	<u>(1,187)</u>	<u>(69,033)</u>	<u>(241,382)</u>	<u>12,557</u>	<u>(463,616)</u>	<u>899,187</u>	<u>619,205</u>
	<u>\$ 225,264</u>	<u>\$ 176,388</u>	<u>\$ 233,341</u>	<u>\$ 236,523</u>	<u>\$ 141,674</u>	<u>\$ 79,361</u>	<u>\$ 162,404</u>	<u>\$ 995,866</u>	<u>\$ 757,283</u>

**AMikids, Inc. and Affiliates**  
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	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
<b>Assets</b>									
Cash and Cash Equivalents	\$ 37,687	\$ 38,108	\$ 46,066	\$ 362,189	\$ -	\$ 450,009	\$ 65,653	\$ 157,131	\$ 24,578
Investments	-	17,227	-	-	-	-	-	106,162	-
Accounts Receivable:									
Funding Agencies	25	-	33,130	96,380	-	9,964	12,850	-	34,545
Other, net	6,470	7,491	5,232	4,192	-	17,906	143	4,232	-
Prepaid Expenses and Other Assets	29,169	22,860	33,489	28,101	-	15,152	300	28,016	9,928
Due from Affiliates	37,066	54,083	90,867	62,488	266,087	118,997	37,600	38,225	99,909
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	28,430	434,464	112,626	79,280	-	44,622	877,325	48,481	729
	<u>\$ 138,847</u>	<u>\$ 574,233</u>	<u>\$ 321,410</u>	<u>\$ 632,630</u>	<u>\$ 266,087</u>	<u>\$ 656,650</u>	<u>\$ 993,871</u>	<u>\$ 382,247</u>	<u>\$ 169,688</u>
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Liabilities:</b>									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	5,041	11,409	13,326	16,215	-	16,567	6,216	6,096	3,245
Accrued Expenses	52,485	37,885	45,774	47,801	377	43,524	52,649	24,217	4,547
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	138,125	38,619	98,398	23,049	298	29,441	442,795	31,677	12,583
Deferred Revenues	15,743	-	36,913	32,235	-	24,923	-	34,978	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	7,683	96,422	10,142	15,605	-	-	12,421	3,369	-
Total Liabilities	<u>219,077</u>	<u>184,335</u>	<u>204,553</u>	<u>134,905</u>	<u>675</u>	<u>114,455</u>	<u>514,081</u>	<u>100,337</u>	<u>20,375</u>
<b>Net Assets (Deficit):</b>									
Unrestricted	(85,229)	380,829	100,394	491,378	29,640	386,058	477,290	277,637	144,131
Temporarily Restricted	4,999	9,069	16,463	6,347	235,772	156,137	2,500	4,273	5,182
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(80,230)</u>	<u>389,898</u>	<u>116,857</u>	<u>497,725</u>	<u>265,412</u>	<u>542,195</u>	<u>479,790</u>	<u>281,910</u>	<u>149,313</u>
	<u>\$ 138,847</u>	<u>\$ 574,233</u>	<u>\$ 321,410</u>	<u>\$ 632,630</u>	<u>\$ 266,087</u>	<u>\$ 656,650</u>	<u>\$ 993,871</u>	<u>\$ 382,247</u>	<u>\$ 169,688</u>

**AMikids, Inc. and Affiliates**  
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	AMikids Georgia Properties	AMikids Infinity Chicago	AMikids Infinity Wake County	AMikids New Mexico Properties	AMikids Infinity Marlboro	AMikids North Carolina Family Services	AMikids Jacksonville	AMikids Jefferson
<b>Assets</b>								
Cash and Cash Equivalents	\$ -	\$ 166,173	\$ 59,833	\$ -	\$ 19,059	\$ 69,602	\$ 183,707	\$ 5,273
Investments	-	-	-	-	-	-	100,000	-
Accounts Receivable:								
Funding Agencies	-	93,127	-	-	-	-	11,600	276
Other, net	-	50	-	-	-	-	8,346	8,723
Prepaid Expenses and Other Assets	-	360	9,266	-	16,104	14,998	47,917	15,193
Due from Affiliates	125,856	313	868	756,000	16,530	277,000	54,417	67,578
Boat Inventory	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-
Property and Equipment, Net	2,539,165	14,850	21,141	-	6,175	52,029	178,521	387,809
	<u>\$ 2,665,021</u>	<u>\$ 274,873</u>	<u>\$ 91,108</u>	<u>\$ 756,000</u>	<u>\$ 57,868</u>	<u>\$ 413,629</u>	<u>\$ 584,508</u>	<u>\$ 484,852</u>
<b>Liabilities and Net Assets (Deficit)</b>								
<b>Liabilities:</b>								
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	6,359	3,151	-	4,241	14,913	4,668	14,069
Accrued Expenses	377	77,564	3,658	377	4,465	26,551	34,743	15,027
Accrued Pension	-	-	-	-	-	-	-	-
Due to Affiliates	248	171,028	14,183	248	24,470	14,782	21,855	1,207,597
Deferred Revenues	-	-	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-
Notes Payable	-	8,242	-	-	-	-	13,748	137,042
Total Liabilities	<u>625</u>	<u>263,193</u>	<u>20,992</u>	<u>625</u>	<u>33,176</u>	<u>56,246</u>	<u>75,014</u>	<u>1,373,735</u>
<b>Net Assets (Deficit):</b>								
Unrestricted	2,664,396	11,680	70,116	755,375	8,052	357,383	388,009	(890,034)
Temporarily Restricted	-	-	-	-	16,640	-	21,485	1,151
Permanently Restricted	-	-	-	-	-	-	100,000	-
Total Net Assets (Deficit)	<u>2,664,396</u>	<u>11,680</u>	<u>70,116</u>	<u>755,375</u>	<u>24,692</u>	<u>357,383</u>	<u>509,494</u>	<u>(888,883)</u>
	<u>\$ 2,665,021</u>	<u>\$ 274,873</u>	<u>\$ 91,108</u>	<u>\$ 756,000</u>	<u>\$ 57,868</u>	<u>\$ 413,629</u>	<u>\$ 584,508</u>	<u>\$ 484,852</u>

**AMikids, Inc. and Affiliates**  
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	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
<b>Assets</b>									
Cash and Cash Equivalents	\$ -	\$ 319,237	\$ -	\$ 47,780	\$ 50,616	\$ 94,990	\$ 214,701	\$ 30,301	\$ 34,109
Investments	-	264,197	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	-	5,958	-	50,779	92,421	4,569	-	-	1,800
Other, net	-	10,061	-	4,039	7,444	8,190	4,223	-	7,832
Prepaid Expenses and Other Assets	-	15,918	-	124,574	17,688	19,182	30,380	200	61,482
Due from Affiliates	417,726	95,172	-	247,781	-	80,484	53,030	49,057	44,917
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	300	196,308	297,502	151,695	13,850	181,662	104,452	328,339	741,389
	<u>\$ 418,026</u>	<u>\$ 906,851</u>	<u>\$ 297,502</u>	<u>\$ 626,648</u>	<u>\$ 182,019</u>	<u>\$ 389,077</u>	<u>\$ 406,786</u>	<u>\$ 407,897</u>	<u>\$ 891,529</u>
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Liabilities:</b>									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	10,974	-	15,238	4,302	9,214	8,294	10,326	21,456
Accrued Expenses	377	33,103	377	35,985	15,486	43,294	32,644	41,876	40,113
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	17,485	20,787	1,128	18,266	764,759	30,847	21,983	289,547	26,727
Deferred Revenues	-	-	-	15,060	-	3,254	164,110	30,948	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	119,266	7,083	-	82,378	24,597	481,430
Total Liabilities	<u>17,862</u>	<u>64,864</u>	<u>1,505</u>	<u>203,815</u>	<u>791,630</u>	<u>86,609</u>	<u>309,409</u>	<u>397,294</u>	<u>569,726</u>
<b>Net Assets (Deficit):</b>									
Unrestricted	(366,861)	841,487	295,997	376,976	(609,611)	302,468	19,027	10,603	306,803
Temporarily Restricted	767,025	500	-	45,857	-	-	78,350	-	15,000
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>400,164</u>	<u>841,987</u>	<u>295,997</u>	<u>422,833</u>	<u>(609,611)</u>	<u>302,468</u>	<u>97,377</u>	<u>10,603</u>	<u>321,803</u>
	<u>\$ 418,026</u>	<u>\$ 906,851</u>	<u>\$ 297,502</u>	<u>\$ 626,648</u>	<u>\$ 182,019</u>	<u>\$ 389,077</u>	<u>\$ 406,786</u>	<u>\$ 407,897</u>	<u>\$ 891,529</u>

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	AMikids Piedmont	AMikids Pinellas	AMikids Peninsula	AMikids Red River	AMikids Rio Grande Valley	AMikids Sandoval	AMikids Savannah River	AMikids Louisiana Properties	AMikids Southwest Florida
<b>Assets</b>									
Cash and Cash Equivalents	\$ 33,014	\$ 232,414	\$ -	\$ 58,898	\$ 17,832	\$ 57,432	\$ 191,122	\$ -	\$ 77,667
Investments	-	-	-	-	-	-	-	-	304,607
Accounts Receivable:									
Funding Agencies	9,020	-	-	11,952	21,113	-	-	-	-
Other, net	6,083	4,664	5,540	11,551	6,573	1,500	11,959	-	4,636
Prepaid Expenses and Other Assets	24,181	25,589	302,328	24,344	22,607	122,860	56,197	24,732	18,681
Due from Affiliates	104,166	51,454	-	43,752	78,225	218,066	168,509	503,065	60,006
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	104,556	94,436	-	423,807	67,014	380,937	156,736	2,257,991	200,977
	<u>\$ 281,020</u>	<u>\$ 408,557</u>	<u>\$ 307,868</u>	<u>\$ 574,304</u>	<u>\$ 213,364</u>	<u>\$ 780,795</u>	<u>\$ 584,523</u>	<u>\$ 2,785,788</u>	<u>\$ 666,574</u>
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Liabilities:</b>									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	8,740	12,929	-	14,725	10,280	15,743	26,243	-	11,241
Accrued Expenses	34,773	45,029	165,200	51,022	35,520	46,180	183,667	377	60,882
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	29,606	22,766	157,480	99,122	1,201,257	1,388,633	24,139	248	23,913
Deferred Revenues	-	-	-	3,187	-	-	-	-	-
Security Deposits	-	-	2,500	-	-	-	-	-	-
Notes Payable	54,909	-	-	-	-	-	9,802	1,608,323	14,360
Total Liabilities	<u>128,028</u>	<u>80,724</u>	<u>325,180</u>	<u>168,056</u>	<u>1,247,057</u>	<u>1,450,556</u>	<u>243,851</u>	<u>1,608,948</u>	<u>110,396</u>
<b>Net Assets (Deficit):</b>									
Unrestricted	143,796	234,912	(17,312)	398,324	(1,066,395)	(670,367)	216,745	1,176,840	515,525
Temporarily Restricted	9,196	92,921	-	7,924	32,702	606	123,927	-	40,653
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>152,992</u>	<u>327,833</u>	<u>(17,312)</u>	<u>406,248</u>	<u>(1,033,693)</u>	<u>(669,761)</u>	<u>340,672</u>	<u>1,176,840</u>	<u>556,178</u>
	<u>\$ 281,020</u>	<u>\$ 408,557</u>	<u>\$ 307,868</u>	<u>\$ 574,304</u>	<u>\$ 213,364</u>	<u>\$ 780,795</u>	<u>\$ 584,523</u>	<u>\$ 2,785,788</u>	<u>\$ 666,574</u>

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	AMikids Southwest Louisiana	AMikids Space Coast	AMikids Tallahassee	AMikids Tampa	AMikids Volusia	AMikids Virginia Wilderness	AMikids West Florida	AMikids WINGS South Florida
<b>Assets</b>								
Cash and Cash Equivalents	\$ 2,782	\$ 315,981	\$ 78,385	\$ 4,691	\$ 11,006	\$ 15,976	\$ 9,616	\$ 57,094
Investments	-	-	-	-	-	-	-	-
Accounts Receivable:								
Funding Agencies	8,076	7,259	21,818	-	-	376,142	-	4,543
Other, net	7,976	17,935	6,008	4,830	5,681	7,595	11,130	6,363
Prepaid Expenses and Other Assets	20,469	26,545	13,094	21,391	31,578	17,109	34,475	15,990
Due from Affiliates	55,814	91,786	46,420	51,624	39,457	-	133,244	90,630
Boat Inventory	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-
Property and Equipment, Net	63,613	846,014	222,519	439,747	12,285	495,860	121,323	24,502
	<u>\$ 158,730</u>	<u>\$ 1,305,520</u>	<u>\$ 388,244</u>	<u>\$ 522,283</u>	<u>\$ 100,007</u>	<u>\$ 912,682</u>	<u>\$ 309,788</u>	<u>\$ 199,122</u>
<b>Liabilities and Net Assets (Deficit)</b>								
<b>Liabilities:</b>								
Lines of Credit	\$ -	\$ -	\$ -	\$ 940	\$ -	\$ -	\$ -	\$ -
Accounts Payable	8,096	23,100	12,472	9,086	8,776	23,136	36,430	13,860
Accrued Expenses	21,882	45,255	31,706	93,073	17,070	37,362	84,732	34,134
Accrued Pension	-	-	-	-	-	-	-	-
Due to Affiliates	449,795	27,694	23,893	53,352	17,213	177,309	866,465	1,804,012
Deferred Revenues	27,531	49,050	34,423	1,000	-	-	28,453	14,918
Security Deposits	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	8,132	-	-	-	1,057
Total Liabilities	<u>507,304</u>	<u>145,099</u>	<u>102,494</u>	<u>165,583</u>	<u>43,059</u>	<u>237,807</u>	<u>1,016,080</u>	<u>1,867,981</u>
<b>Net Assets (Deficit):</b>								
Unrestricted	(348,574)	1,087,500	285,750	341,809	56,903	674,875	(712,940)	(1,698,105)
Temporarily Restricted	-	72,921	-	14,891	45	-	6,648	29,246
Permanently Restricted	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(348,574)</u>	<u>1,160,421</u>	<u>285,750</u>	<u>356,700</u>	<u>56,948</u>	<u>674,875</u>	<u>(706,292)</u>	<u>(1,668,859)</u>
	<u>\$ 158,730</u>	<u>\$ 1,305,520</u>	<u>\$ 388,244</u>	<u>\$ 522,283</u>	<u>\$ 100,007</u>	<u>\$ 912,682</u>	<u>\$ 309,788</u>	<u>\$ 199,122</u>

**AMikids, Inc. and Affiliates**  
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	AMikids WINGS Texas	AMikids Y.E.S.	Total	Eliminations	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ -	\$ 143,059	\$ 9,029,385	\$ -	\$ 9,029,385
Investments	-	347,269	8,201,903	-	8,201,903
Accounts Receivable:					
Funding Agencies	-	35,155	4,903,497	-	4,903,497
Other, net	-	7,206	562,860	-	562,860
Prepaid Expenses and Other Assets	322,735	13,508	2,635,262	(417,741)	2,217,521
Due from Affiliates	-	219,919	20,107,336	(20,107,336)	-
Boat Inventory	-	-	2,902,069	-	2,902,069
Boats under Lease	-	-	6,289,386	-	6,289,386
Property and Equipment, Net	-	90,413	15,885,230	-	15,885,230
	\$ 322,735	\$ 856,529	\$ 70,516,928	\$ (20,525,077)	\$ 49,991,851
<b>Liabilities and Net Assets (Deficit)</b>					
<b>Liabilities:</b>					
Lines of Credit	\$ -	\$ -	\$ 940	-	\$ 940
Accounts Payable	-	10,217	968,597	779	969,376
Accrued Expenses	-	44,707	10,706,093	(2,854,420)	7,851,673
Accrued Pension	-	-	-	1,352,664	1,352,664
Due to Affiliates	345,907	34,964	20,108,115	(20,108,115)	-
Deferred Revenues	-	-	736,179	-	736,179
Security Deposits	-	-	1,557,141	-	1,557,141
Notes Payable	-	3,653	3,731,828	-	3,731,828
Total Liabilities	345,907	93,541	37,808,893	(21,609,092)	16,199,801
<b>Net Assets (Deficit):</b>					
Unrestricted	(23,172)	710,200	29,552,631	1,084,015	30,636,646
Temporarily Restricted	-	52,788	2,998,314	-	2,998,314
Permanently Restricted	-	-	157,090	-	157,090
Total Net Assets (Deficit)	(23,172)	762,988	32,708,035	1,084,015	33,792,050
	\$ 322,735	\$ 856,529	\$ 70,516,928	\$ (20,525,077)	\$ 49,991,851



**AMikids, Inc. and Affiliates**  
**Combining Schedule - Statement of Activities Information**  
**Year Ended June 30, 2012**

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	\$ 3,014,675	\$ -	\$ -	\$ 494,552	\$ 716,777	\$ -	\$ -	\$ -	\$ -
South Carolina	1,196,008	-	-	-	-	-	-	-	1,053,727
Louisiana	743,395	1,345,674	-	-	-	359,455	-	458,346	-
Georgia	857,595	-	-	-	-	-	1,373,798	-	-
Texas	89,642	-	-	-	-	-	-	-	-
North Carolina	162,000	-	-	-	-	-	-	-	-
Federal Support	587,297	99,647	-	62,119	-	549,958	127,853	358,197	79,889
Regional Funds	25,000	138,469	-	164,911	-	206,949	212,798	170,324	27,710
Contributions	201,985	9,835	1,114,039	2,191	530	34,024	20,847	8,091	141,109
Total Public Support	6,877,597	1,593,625	1,114,039	723,773	717,307	1,150,386	1,735,296	994,958	1,302,435
Revenue									
Boat Program	5,318,166	-	-	-	-	-	-	-	-
Investment income	395,628	2	9,027	36	35	82	1,977	-	3,597
Other	1,145,054	-	-	300	-	1,046	2,966	1,148	36,125
Total revenue	6,858,848	2	9,027	336	35	1,128	4,943	1,148	39,722
Total public support and revenues	13,736,445	1,593,627	1,123,066	724,109	717,342	1,151,514	1,740,239	996,106	1,342,157
Expenses									
Program Services	-	1,915,506	-	833,795	492,054	1,342,994	1,540,877	1,043,515	1,355,616
Management and general	9,169,608	31,932	-	23,293	21,508	68,719	20,811	40,714	22,067
Fundraising	506,502	-	1,137,568	-	-	-	-	-	-
Boat Program	5,000,633	-	-	-	-	-	-	-	-
Total expenses	14,676,743	1,947,438	1,137,568	857,088	513,562	1,411,713	1,561,688	1,084,229	1,377,683
Change in net assets	(940,298)	(353,811)	(14,502)	(132,979)	203,780	(260,199)	178,551	(88,123)	(35,526)
Net assets (deficit), beginning of the year	21,436,640	(857,464)	1,007,474	(220,224)	240,787	873,817	430,054	171,598	972,205
Net assets (deficit), end of the year	\$ 20,496,342	\$ (1,211,275)	\$ 992,972	\$ (353,203)	\$ 444,567	\$ 613,618	\$ 608,605	\$ 83,475	\$ 936,679

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**AMikids, Inc. and Affiliates**  
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**Year Ended June 30, 2012**

**Schedule II**

	<b>AMikids Big Cypress</b>	<b>AMikids Bennettsville</b>	<b>AMikids Sand Hills</b>	<b>AMikids White Pines</b>	<b>AMikids Alexandria</b>	<b>AMikids Polk</b>	<b>AMikids Donaldsonville</b>	<b>AMikids Crossroads</b>
<b>Public Support and revenue:</b>								
State support:								
Florida	\$ 1,073,479	\$ -	\$ -	\$ -	\$ -	\$ 395,726	\$ -	\$ 963,826
South Carolina	-	1,242,911	1,254,886	1,237,607	-	-	-	-
Louisiana	-	-	-	-	304,986	-	387,960	-
Georgia	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-
Federal Support	443,859	96,047	103,141	108,374	411,702	39,214	309,755	474,443
Regional Funds	170,596	-	-	-	152,246	235,946	212,908	241,646
Contributions	79,793	77,928	140,966	94,018	8,331	27,625	13,458	14,248
Total Public Support	<u>1,767,727</u>	<u>1,416,886</u>	<u>1,498,993</u>	<u>1,439,999</u>	<u>877,265</u>	<u>698,511</u>	<u>924,081</u>	<u>1,694,163</u>
<b>Revenue</b>								
Boat Program	-	-	-	-	-	-	-	-
Investment income	5	-	1	1	-	-	-	46,588
Other	30,476	783	1,090	101	136	176,472	3,122	6,187
Total revenue	<u>30,481</u>	<u>783</u>	<u>1,091</u>	<u>102</u>	<u>136</u>	<u>176,472</u>	<u>3,122</u>	<u>52,775</u>
Total public support and revenues	<u>1,798,208</u>	<u>1,417,669</u>	<u>1,500,084</u>	<u>1,440,101</u>	<u>877,401</u>	<u>874,983</u>	<u>927,203</u>	<u>1,746,938</u>
<b>Expenses</b>								
Program Services	1,871,302	1,522,866	1,505,706	1,499,024	1,012,594	810,819	942,319	1,699,892
Management and general	90,582	31,768	25,434	23,556	45,270	108,918	49,022	88,426
Fundraising	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-
Total expenses	<u>1,961,884</u>	<u>1,554,634</u>	<u>1,531,140</u>	<u>1,522,580</u>	<u>1,057,864</u>	<u>919,737</u>	<u>991,341</u>	<u>1,788,318</u>
Change in net assets	(163,676)	(136,965)	(31,056)	(82,479)	(180,463)	(44,754)	(64,138)	(41,380)
Net assets (deficit), beginning of the year	(51,710)	(328,651)	29,869	13,446	(60,919)	57,311	(399,478)	940,567
Net assets (deficit), end of the year	<u>\$ (215,386)</u>	<u>\$ (465,616)</u>	<u>\$ (1,187)</u>	<u>\$ (69,033)</u>	<u>\$ (241,382)</u>	<u>\$ 12,557</u>	<u>\$ (463,616)</u>	<u>\$ 899,187</u>

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**AMikids, Inc. and Affiliates**  
**Combining Schedule - Statement of Activities Information**  
**Year Ended June 30, 2012**

**Schedule II**

	AMikids Miami Dade	AMikids Emerald Coast	AMikids Pensacola	AMikids Last Chance Ranch	AMikids Greater Ft. Lauderdale	AMikids Georgia	AMikids Georgetown	AMikids Manatee County	AMikids Sarasota County
<b>Public Support and revenue:</b>									
State support:									
Florida	\$ 1,067,578	\$ 433,666	\$ 547,864	\$ 946,421	\$ 566,696	\$ -	\$ -	\$ 457,200	\$ 285,146
South Carolina	-	-	-	-	-	-	1,116,403	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	106,250	51,764	47,515	421,756	81,642	-	98,120	34,420	24,394
Regional Funds	849,081	253,804	368,154	128,226	497,479	-	1,003	369,297	196,660
Contributions	177,567	18,092	30,215	17,445	26,747	4,480	21,009	4,753	56,578
Total Public Support	<u>2,200,476</u>	<u>757,326</u>	<u>993,748</u>	<u>1,513,848</u>	<u>1,172,564</u>	<u>4,480</u>	<u>1,236,535</u>	<u>865,670</u>	<u>562,778</u>
<b>Revenue</b>									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	74	71	661	11	1,697	3	652	64	3,657
Other	57,004	4,692	137	84,442	7,528	-	77,220	-	500
Total revenue	<u>57,078</u>	<u>4,763</u>	<u>798</u>	<u>84,453</u>	<u>9,225</u>	<u>3</u>	<u>77,872</u>	<u>64</u>	<u>4,157</u>
Total public support and revenues	<u>2,257,554</u>	<u>762,089</u>	<u>994,546</u>	<u>1,598,301</u>	<u>1,181,789</u>	<u>4,483</u>	<u>1,314,407</u>	<u>865,734</u>	<u>566,935</u>
<b>Expenses</b>									
Program Services	2,343,103	781,844	1,039,343	1,423,140	1,170,212	-	1,225,755	786,171	729,836
Management and general	55,642	22,005	41,794	65,443	33,571	-	22,001	53,413	36,790
Fundraising	-	-	-	-	-	12,458	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>2,398,745</u>	<u>803,849</u>	<u>1,081,137</u>	<u>1,488,583</u>	<u>1,203,783</u>	<u>12,458</u>	<u>1,247,756</u>	<u>839,584</u>	<u>766,626</u>
Change in net assets	(141,191)	(41,760)	(86,591)	109,718	(21,994)	(7,975)	66,651	26,150	(199,691)
Net assets (deficit), beginning of the year	760,396	(38,470)	476,489	7,139	519,719	273,387	475,544	453,640	481,601
Net assets (deficit), end of the year	<u>\$ 619,205</u>	<u>\$ (80,230)</u>	<u>\$ 389,898</u>	<u>\$ 116,857</u>	<u>\$ 497,725</u>	<u>\$ 265,412</u>	<u>\$ 542,195</u>	<u>\$ 479,790</u>	<u>\$ 281,910</u>

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**AMikids, Inc. and Affiliates**  
**Combining Schedule - Statement of Activities Information**  
**Year Ended June 30, 2012**

Schedule II

	Infinity Schools	AMikids Georgia Properties	AMikids Infinity Chicago	AMikids Infinity Wake County	AMikids New Mexico Properties	AMikids Infinity Marlboro	AMikids North Carolina Family Services	AMikids Jacksonville
Public Support and revenue:								
State support:								
Florida	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 518,797
South Carolina	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	1,154,050	-	-
Federal Support	-	-	20,600	-	-	-	-	48,656
Regional Funds	365,415	-	1,024,393	427,860	-	400,000	-	352,179
Contributions	305	-	11,973	306	756,000	42,631	-	40,655
Total Public Support	<u>365,720</u>	<u>-</u>	<u>1,056,966</u>	<u>428,166</u>	<u>756,000</u>	<u>442,631</u>	<u>1,154,050</u>	<u>960,287</u>
Revenue								
Boat Program	-	-	-	-	-	-	-	-
Investment income	106	-	132	70	-	37	-	1,181
Other	-	25,000	359,081	-	-	2,546	-	603
Total revenue	<u>106</u>	<u>25,000</u>	<u>359,213</u>	<u>70</u>	<u>-</u>	<u>2,583</u>	<u>-</u>	<u>1,784</u>
Total public support and revenues	<u>365,826</u>	<u>25,000</u>	<u>1,416,179</u>	<u>428,236</u>	<u>756,000</u>	<u>445,214</u>	<u>1,154,050</u>	<u>962,071</u>
Expenses								
Program Services	323,234	483,456	963,290	317,358	-	395,712	772,117	1,011,301
Management and general	58,485	1,109	191,685	75,106	625	64,698	24,550	34,408
Fundraising	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-
Total expenses	<u>381,719</u>	<u>484,565</u>	<u>1,154,975</u>	<u>392,464</u>	<u>625</u>	<u>460,410</u>	<u>796,667</u>	<u>1,045,709</u>
Change in net assets	(15,893)	(459,565)	261,204	35,772	755,375	(15,196)	357,383	(83,638)
Net assets (deficit), beginning of the year	165,206	3,123,961	(249,524)	34,344	-	39,888	-	593,132
Net assets (deficit), end of the year	<u>\$ 149,313</u>	<u>\$ 2,664,396</u>	<u>\$ 11,680</u>	<u>\$ 70,116</u>	<u>\$ 755,375</u>	<u>\$ 24,692</u>	<u>\$ 357,383</u>	<u>\$ 509,494</u>

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**AMikids, Inc. and Affiliates**  
**Combining Schedule - Statement of Activities Information**  
**Year Ended June 30, 2012**

Schedule II

	AMikids Jefferson	AMikids Graduate School	AMikids Middle Georgia	South Carolina Wilderness Institute	AMikids Pasco	AMikids Norfolk	AMikids Northeast Louisiana	AMikids Orlando	AMikids Palm Beach
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ -	\$ 507,514	\$ -	\$ -	\$ 513,049	\$ 504,041
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	317,679	-	-	-	-	-	188,796	-	-
Georgia	-	-	1,164,087	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	382,975	-	16,673	-	63,913	19,824	422,329	55,510	42,152
Regional Funds	146,490	-	282,273	-	292,301	542,788	208,697	328,294	206,242
Contributions	3,554	1,000	5,877	6,930	18,244	7,850	3,735	25,613	29,709
Total Public Support	<u>850,698</u>	<u>1,000</u>	<u>1,468,910</u>	<u>6,930</u>	<u>881,972</u>	<u>570,462</u>	<u>823,557</u>	<u>922,466</u>	<u>782,144</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	-	-	2,512	-	4,804	14	15	141	100
Other	20	-	-	-	4,964	16,291	500	1,650	1,279,241
Total revenue	<u>20</u>	<u>-</u>	<u>2,512</u>	<u>-</u>	<u>9,768</u>	<u>16,305</u>	<u>515</u>	<u>1,791</u>	<u>1,279,341</u>
Total public support and revenues	<u>850,718</u>	<u>1,000</u>	<u>1,471,422</u>	<u>6,930</u>	<u>891,740</u>	<u>586,767</u>	<u>824,072</u>	<u>924,257</u>	<u>2,061,485</u>
Expenses									
Program Services	883,120	-	1,349,958	-	954,420	486,607	984,905	930,363	1,146,229
Management and general	47,352	349,938	30,357	7,619	347,208	90,094	50,658	52,841	71,454
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>930,472</u>	<u>349,938</u>	<u>1,380,315</u>	<u>7,619</u>	<u>1,301,628</u>	<u>576,701</u>	<u>1,035,563</u>	<u>983,204</u>	<u>1,217,683</u>
Change in net assets	(79,754)	(348,938)	91,107	(689)	(409,888)	10,066	(211,491)	(58,947)	843,802
Net assets (deficit), beginning of the year	(809,129)	749,102	750,880	296,686	832,721	(619,677)	513,959	156,324	(833,199)
Net assets (deficit), end of the year	<u>\$ (888,883)</u>	<u>\$ 400,164</u>	<u>\$ 841,987</u>	<u>\$ 295,997</u>	<u>\$ 422,833</u>	<u>\$ (609,611)</u>	<u>\$ 302,468</u>	<u>\$ 97,377</u>	<u>\$ 10,603</u>

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**AMikids, Inc. and Affiliates**  
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**Year Ended June 30, 2012**

Schedule II

	<b>AMikids Panama City Marine Institute</b>	<b>AMikids Piedmont</b>	<b>AMikids Pinellas</b>	<b>AMikids Peninsula</b>	<b>AMikids Red River</b>	<b>AMikids Rio Grande Valley</b>	<b>AMikids Sandoval</b>	<b>AMikids Savannah River</b>	<b>AMikids Louisiana Properties</b>
Public Support and revenue:									
State support:									
Florida	\$ 528,405	\$ -	\$ 519,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Carolina	-	1,116,402	-	-	-	-	-	-	-
Louisiana	-	-	-	-	707,819	-	-	-	-
Georgia	-	-	-	-	-	-	-	2,321,823	-
Texas	-	-	-	-	-	507,971	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	65,423	67,932	39,920	-	73,799	51,671	1,775,331	25,467	-
Regional Funds	645,220	-	274,236	-	186,708	159,642	-	-	-
Contributions	27,924	18,643	133,572	-	9,179	14,926	21,476	162,462	-
Total Public Support	<u>1,266,972</u>	<u>1,202,977</u>	<u>967,168</u>	<u>-</u>	<u>977,505</u>	<u>734,210</u>	<u>1,796,807</u>	<u>2,509,752</u>	<u>-</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	1,881	3	345	-	21	1	-	2,775	13,442
Other	59,146	1,311	4,514	27,110	9,738	10,775	3,747	3,174	345,888
Total revenue	<u>61,027</u>	<u>1,314</u>	<u>4,859</u>	<u>27,110</u>	<u>9,759</u>	<u>10,776</u>	<u>3,747</u>	<u>5,949</u>	<u>359,330</u>
Total public support and revenues	<u>1,327,999</u>	<u>1,204,291</u>	<u>972,027</u>	<u>27,110</u>	<u>987,264</u>	<u>744,986</u>	<u>1,800,554</u>	<u>2,515,701</u>	<u>359,330</u>
Expenses									
Program Services	1,346,162	1,150,166	968,098	10,885	1,191,917	1,059,364	1,753,152	2,624,121	649,327
Management and general	47,754	18,126	28,364	1,323	28,359	47,923	24,408	29,084	689
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>1,393,916</u>	<u>1,168,292</u>	<u>996,462</u>	<u>12,208</u>	<u>1,220,276</u>	<u>1,107,287</u>	<u>1,777,560</u>	<u>2,653,205</u>	<u>650,016</u>
Change in net assets	(65,917)	35,999	(24,435)	14,902	(233,012)	(362,301)	22,994	(137,504)	(290,686)
Net assets (deficit), beginning of the year	387,720	116,993	352,268	(32,214)	639,260	(671,392)	(692,755)	478,176	1,467,526
Net assets (deficit), end of the year	<u>\$ 321,803</u>	<u>\$ 152,992</u>	<u>\$ 327,833</u>	<u>\$ (17,312)</u>	<u>\$ 406,248</u>	<u>\$ (1,033,693)</u>	<u>\$ (669,761)</u>	<u>\$ 340,672</u>	<u>\$ 1,176,840</u>

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**AMikids, Inc. and Affiliates**  
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Schedule II

	AMikids Southwest Florida	AMikids Southwest Louisiana	AMikids Space Coast	AMikids Tallahassee	AMikids Tampa	AMikids Volusia	AMikids Virginia Wilderness	AMikids West Florida	AMikids WINGS South Florida
Public Support and revenue:									
State support:									
Florida	\$ 518,549	\$ -	\$ 981,070	\$ 516,860	\$ 520,293	\$ 438,308	\$ -	\$ 1,053,462	\$ 1,043,293
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	389,969	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	43,714	274,042	80,826	48,154	38,928	63,820	565,300	294,513	205,797
Regional Funds	379,370	245,741	301,331	250,426	299,682	254,279	1,068,666	85,374	9,764
Contributions	71,140	4,085	42,210	13,893	31,658	4,763	15,946	4,933	57,653
Total Public Support	<u>1,012,773</u>	<u>913,837</u>	<u>1,405,437</u>	<u>829,333</u>	<u>890,561</u>	<u>761,170</u>	<u>1,649,912</u>	<u>1,438,282</u>	<u>1,316,507</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	3,405	57	213	-	-	85	4	8	137
Other	6,522	1,276	129,032	9,155	60,714	-	2,350	988	13,253
Total revenue	<u>9,927</u>	<u>1,333</u>	<u>129,245</u>	<u>9,155</u>	<u>60,714</u>	<u>85</u>	<u>2,354</u>	<u>996</u>	<u>13,390</u>
Total public support and revenues	<u>1,022,700</u>	<u>915,170</u>	<u>1,534,682</u>	<u>838,488</u>	<u>951,275</u>	<u>761,255</u>	<u>1,652,266</u>	<u>1,439,278</u>	<u>1,329,897</u>
Expenses									
Program Services	1,097,041	921,508	1,607,255	897,782	1,069,882	718,010	1,395,605	1,508,808	1,550,591
Management and general	34,326	34,293	32,576	32,832	23,851	24,685	258,129	63,149	37,253
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>1,131,367</u>	<u>955,801</u>	<u>1,639,831</u>	<u>930,614</u>	<u>1,093,733</u>	<u>742,695</u>	<u>1,653,734</u>	<u>1,571,957</u>	<u>1,587,844</u>
Change in net assets	(108,667)	(40,631)	(105,149)	(92,126)	(142,458)	18,560	(1,468)	(132,679)	(257,947)
Net assets (deficit), beginning of the year	664,845	(307,943)	1,265,570	377,876	499,158	38,388	676,343	(573,613)	(1,410,912)
Net assets (deficit), end of the year	<u>\$ 556,178</u>	<u>\$ (348,574)</u>	<u>\$ 1,160,421</u>	<u>\$ 285,750</u>	<u>\$ 356,700</u>	<u>\$ 56,948</u>	<u>\$ 674,875</u>	<u>\$ (706,292)</u>	<u>\$ (1,668,859)</u>

See Independent Auditors' Report on Supplemental Information

**AMikids, Inc. and Affiliates**  
**Combining Schedule - Statement of Activities Information**  
**Year Ended June 30, 2012**

Schedule II

	AMikids WINGS Texas	AMikids Y.E.S.	Total	Eliminations	Total
Public Support and revenue:					
State support:					
Florida	\$ -	\$ 971,151	\$ 20,097,838	\$ -	\$ 20,097,838
South Carolina	-	-	8,217,944	-	8,217,944
Louisiana	-	-	5,204,079	-	5,204,079
Georgia	-	-	5,717,303	-	5,717,303
Texas	-	-	597,613	-	597,613
North Carolina	-	-	1,316,050	-	1,316,050
Federal Support	-	489,467	9,994,092	-	9,994,092
Regional Funds	-	150,858	13,511,436	-	13,511,436
Contributions	-	17,082	3,951,831	(1,944,625)	2,007,206
Total Public Support	-	1,628,558	68,608,186	(1,944,625)	66,663,561
Revenue					
Boat Program	-	-	5,318,166	-	5,318,166
Investment income	-	1,601	496,959	(360,705)	136,254
Other	-	500	4,015,618	(3,291,793)	723,825
Total revenue	-	2,101	9,830,743	(3,652,498)	6,178,245
Total public support and revenues	-	1,630,659	78,438,929	(5,597,123)	72,841,806
Expenses					
Program Services	23,345	1,615,233	63,048,605	(1,711,935)	61,336,670
Management and general	5,434	93,839	12,556,871	(2,808,044)	9,748,827
Fundraising	-	-	1,656,528	(1,111,226)	545,302
Boat Program	-	-	5,000,633	-	5,000,633
Total expenses	28,779	1,709,072	82,262,637	(5,631,205)	76,631,432
Change in net assets	(28,779)	(78,413)	(3,823,708)	34,082	(3,789,626)
Net assets (deficit), beginning of the year	5,607	841,401	36,531,743	1,049,933	37,581,676
Net assets (deficit), end of the year	\$ (23,172)	\$ 762,988	\$ 32,708,035	\$ 1,084,015	\$ 33,792,050

See Independent Auditors' Report on Supplemental Information



**AMikids, Inc. and Affiliates**  
**Public Support and Revenue Information**

Schedule III

For the Year Ended June 30, 2012

	<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 &amp; Revenue</u>
Florida	\$ 20,097,838	\$ 6,987,129	\$ 3,647,273	\$ 474,895	\$ 233,747	\$ 2,291,164	\$ 5,318,166	\$ 3,554,631	\$ 42,604,843
Georgia	5,717,303	495,071	169,993	-	-	193,666	-	38,408	6,614,441
Illinois	-	1,024,393	20,600	-	-	11,973	-	359,213	1,416,179
Louisiana	5,204,079	1,565,943	2,882,403	65,000	37,589	95,293	-	376,495	10,226,802
New Mexico	-	-	2,083,524	-	-	777,476	-	3,747	2,864,747
North Carolina	1,316,050	427,860	-	-	-	305	-	70	1,744,285
South Carolina	8,217,944	400,000	553,504	28,713	-	543,232	-	123,467	9,866,860
Texas	597,613	-	51,671	-	159,642	14,926	-	10,776	834,628
Virginia	-	250,000	585,124	-	1,361,454	23,796	-	45,770	2,266,144
	<u>41,150,827</u>	<u>11,150,396</u>	<u>9,994,092</u>	<u>568,608</u>	<u>1,792,432</u>	<u>3,951,831</u>	<u>5,318,166</u>	<u>4,512,577</u>	<u>78,438,929</u>
Less Intercompany Revenue	-	-	-	-	-	(1,944,625)	-	(3,652,498)	(5,597,123)
Total Public Support & Revenue	<u>\$ 41,150,827</u>	<u>\$ 11,150,396</u>	<u>\$ 9,994,092</u>	<u>\$ 568,608</u>	<u>\$ 1,792,432</u>	<u>\$ 2,007,206</u>	<u>\$ 5,318,166</u>	<u>\$ 860,079</u>	<u>\$ 72,841,806</u>

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 &amp; 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	34,474	-	-	30,040	-	882	1,368,421
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>

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, 2012**

<u>Federal Agency/ Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Contract Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b> (passed through Florida, Louisiana and New Mexico Departments of Education):			
School Breakfast Program	10.553	01-0233 (Florida)	\$285,206
School Breakfast Program	10.553	09-SFS-007 (Louisiana)	18,941
School Breakfast Program	10.553	11008 (New Mexico)	9,143
			313,290
National School Lunch Program	10.555	01-0233 (Florida)	561,823
National School Lunch Program	10.555	09-SFS-007 (Louisiana)	34,859
National School Lunch Program	10.555	11008 (New Mexico)	19,763
			616,445
<b>Total – Child Nutrition Cluster</b>			<b>929,735</b>
<b><u>U.S. Department of Housing and Urban Development</u></b> (passed through Louisiana Division of Administration, Office of Community Development):			
Community Development Block Grant Disaster Recovery Program	14.228	711756	2,500,000
<b><u>U.S. Department of Justice/Federal Bureau of Prisons</u></b>			
Non-Secure Residential Male Juvenile Services/Mental Health Services	16.DJB200 028	DJB200028	2,054,618
<b>Total Expenditures of Federal Awards</b>			<b>\$5,484,353</b>
<u>State Agency/State Project</u>	<u>CSFA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<b><u>Florida Department of Juvenile Justice:</u></b>			
Delinquency Non-secure Residential Services	80.016	K8H03, R2003, R2055, R2012, R2014, U7G02, R2098	\$7,119,567
Delinquency Secure Residential Contracted Facilities	80.017	S9G01	1,154,201
Day Treatment Services	80.021	P2011, V8S02	11,824,070
<b>Total Expenditures of State Financial Assistance – Florida</b>			<b>\$20,097,838</b>
<b><u>Texas Youth Commission:</u></b>			
Residential Services	Not Applicable	RS05453	\$597,613
<b>Total Expenditures of State Financial Assistance – Texas</b>			<b>\$597,613</b>

The accompanying notes are an integral part of this schedule.

**AMIkids, Inc.**  
**Notes 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. under programs of the federal and state governments for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) 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 State of Texas Single Audit Circular. Because the schedule presents only a selected portion of the operations of AMIkids, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of AMIkids, Inc. Therefore, some amounts presented in the schedule may differ from amounts presented in the financial statements.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented when available.



## **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 (the "Organization") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 18, 2012. 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

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 the Organization's 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 management, the audit committee, 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 these specified parties.

*Cross, Fernandez & Riley, LLP*

Certified Public Accountants

Tampa, Florida  
September 18, 2012



## **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, the State of Florida's Chapter 10.650, Rules of the Auditor General and the State of Texas Single Audit Circular**

Board of Trustees  
AMIkids, Inc.

### Compliance

We have audited AMIkids, Inc. (the nonprofit "Organization") compliance with the types of compliance requirements described in the 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 Single Audit Circular that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2012. The Organization'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 the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

AMIkids, Inc. and Affiliates' combined financial statements include the operations of over fifty affiliated legal entities (the "Institutes"), whom received \$4,509,739 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, 2012. 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 Single Audit Circular. 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 the Organization'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 the Organization's compliance with those requirements.

In our opinion, AMIkids, Inc. complied, in all material respects, with the compliance 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, 2012.

### Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 management, the audit committee, 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 18, 2012

**AMikids, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2012**

*Year ended June 30, 2012*

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**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? \_\_\_\_\_ Yes     X     None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X     No

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:

- Material weaknesses identified? \_\_\_\_\_ Yes     X     No
- Significant deficiencies identified? \_\_\_\_\_ Yes     X     None reported

Type of auditors’ report issued on compliance for major federal programs and state 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 the State of Texas Single Audit Circular? \_\_\_\_\_ Yes     X     No

Identification of major federal programs and state projects:

<u>Federal CFDA Number</u>	<u>Name of Federal Program</u>
16.DJB200028	Non-Secure Residential Male Juvenile Services/Mental Health Services



State of Florida CSFA Number

80.016

80.021

State of Texas Grant Number

RS05453

Name of State Project

Delinquency Non-secure Residential Services

Day Treatment Services

Name of State Project

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>\$602,935</u>
Major state projects – Texas	<u>\$300,000</u>

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133 and the State of Texas Single Audit Circular?

  X      Yes              No

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award and State Financial Assistance Findings and Questioned Costs**

No matters were reported.

**Section IV – Summary Schedule of Prior Year Findings**

No matters were reported in the prior year.