

AMkids, Inc. and Affiliates
Combined Financial Statements and Schedules
Year ended June 30, 2013
(With comparative information for 2012)

AMIkids, Inc. and Affiliates
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Year ended June 30, 2013
(With comparative financial information for 2012)

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Independent Auditors' Report

Board of Trustees
AMikids, Inc.

We have audited the accompanying financial statements of AMikids, Inc. and Affiliates (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMikids, Inc. and Affiliates as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the AMikids, Inc. and Affiliates 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by 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 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 17, 2013

AMIkids, Inc. and Affiliates
Combined Statement of Financial Position
June 30, 2013
(With comparative financial information for 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Cash and Cash Equivalents	\$ 6,917,680	\$ 9,029,385
Investments	8,255,320	8,201,903
Accounts Receivable:		
Funding Agencies	4,321,290	4,903,497
Other, net of allowances of \$0 and \$349,250 as of June 30, 2013 and 2012, respectively	667,035	562,860
Prepaid Expenses and Other Assets	1,587,305	1,485,161
Assets Held for Sale	2,051,295	732,360
Boat Inventory	1,822,460	2,902,069
Boats under Lease	5,737,691	6,289,386
Property and Equipment, Net	11,530,303	15,885,230
	<u>\$ 42,890,379</u>	<u>\$ 49,991,851</u>
Liabilities and Net Assets		
Liabilities:		
Lines of Credit	\$ 1,103,000	\$ 940
Accounts Payable	1,479,858	969,376
Accrued Expenses	8,551,312	7,851,673
Accrued Pension	2,898,863	1,352,664
Deferred Revenues	654,091	736,179
Security Deposits	1,600,746	1,557,141
Notes Payable	2,448,489	3,731,828
Total Liabilities	<u>18,736,359</u>	<u>16,199,801</u>
Net Assets:		
Unrestricted	21,847,275	30,636,646
Temporarily Restricted	2,249,655	2,998,314
Permanently Restricted	57,090	157,090
Total Net Assets	<u>24,154,020</u>	<u>33,792,050</u>
	<u>\$ 42,890,379</u>	<u>\$ 49,991,851</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, 2013
(With summarized financial information for 2012)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Totals</u>	
				<u>2013</u>	<u>2012</u>
Public support and revenue:					
State support:					
Florida	\$ 15,258,444	\$ -	\$ -	\$ 15,258,444	\$ 20,097,838
South Carolina	8,217,969	-	-	8,217,969	8,217,944
Louisiana	1,569,156	-	-	1,569,156	5,204,079
Georgia	1,298,359	-	-	1,298,359	5,717,303
Texas	535,166	-	-	535,166	597,613
North Carolina	1,469,399	-	-	1,469,399	1,316,050
Federal support	7,209,016	-	-	7,209,016	9,994,092
Regional funds	10,423,154	-	-	10,423,154	13,511,436
Contributions	1,239,792	2,643,123	-	3,882,915	2,007,206
Total public support	<u>47,220,455</u>	<u>2,643,123</u>	<u>-</u>	<u>49,863,578</u>	<u>66,663,561</u>
Revenue:					
Boat program	4,763,821	-	-	4,763,821	5,318,166
Investment income	290,678	1,550	-	292,228	136,254
Other	1,688,859	-	-	1,688,859	723,825
Total revenue	<u>6,743,358</u>	<u>1,550</u>	<u>-</u>	<u>6,744,908</u>	<u>6,178,245</u>
Net assets released from restrictions	<u>3,393,332</u>	<u>(3,393,332)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>57,357,145</u>	<u>(748,659)</u>	<u>-</u>	<u>56,608,486</u>	<u>72,841,806</u>
Expenses:					
Program services	51,656,294	-	-	51,656,294	61,389,242
Management and general	10,025,128	-	-	10,025,128	9,696,255
Fundraising	321,773	-	-	321,773	545,302
Boat program	4,243,321	-	-	4,243,321	5,000,633
Total expenses	<u>66,246,516</u>	<u>-</u>	<u>-</u>	<u>66,246,516</u>	<u>76,631,432</u>
Change in net assets	(8,889,371)	(748,659)	-	(9,638,030)	(3,789,626)
Net assets, beginning of year	30,636,646	2,998,314	157,090	33,792,050	37,581,676
Transfer of net assets	100,000	-	(100,000)	-	-
Net assets, end of year	<u>\$ 21,847,275</u>	<u>\$ 2,249,655</u>	<u>\$ 57,090</u>	<u>\$ 24,154,020</u>	<u>\$ 33,792,050</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, 2013
(With summarized financial information for 2012)

	Total Program Services	Supporting Services			Total Support Services	Totals	
		Management and general	Fund Raising	Boat Program		2013	2012
Salaries	\$ 26,854,267	\$ 3,246,781	\$ 166,191	\$ 401,217	\$ 3,814,189	\$ 30,668,456	\$ 38,011,600
Employee benefits and payroll taxes ¹	8,367,316	1,821,372	30,385	128,895	1,980,652	10,347,968	11,444,413
Commissions	-	-	-	614,909	614,909	614,909	880,043
Travel	1,027,527	370,998	30,471	88,532	490,001	1,517,528	1,442,880
Conferences and training	958,502	64,732	2,147	688	67,567	1,026,069	1,135,213
Books and publications	24,413	33,995	15,868	2,023	51,886	76,299	78,386
Rent and utilities	2,433,799	143,604	-	12,350	155,954	2,589,753	3,009,560
Insurance ²	3,178,806	(316,882)	-	203,916	(112,966)	3,065,840	1,814,696
Telephone	756,358	133,062	4,084	16,550	153,696	910,054	1,063,984
Professional fees	421,332	1,054,483	34,509	73,593	1,162,585	1,583,917	1,891,614
Postage	-	124,483	-	1,978	126,461	126,461	160,817
Student supplies and training	3,086,225	291,166	17,436	30,042	338,644	3,424,869	4,647,597
Community development	180,198	391,924	20,661	8,285	420,870	601,068	720,555
Equipment and maintenance	1,835,795	396,179	-	633,445	1,029,624	2,865,419	3,819,663
Transportation	-	22,816	-	58,593	81,409	81,409	147,476
Dockage	-	-	-	82,586	82,586	82,586	103,803
Interest	156,765	99,256	-	31,047	130,303	287,068	308,889
Depreciation and amortization	2,007,947	171,298	-	63,308	234,606	2,242,553	2,741,071
Amortization of boats on charter	-	-	-	1,777,805	1,777,805	1,777,805	2,089,332
Impairment and other expenses	367,044	1,975,861	21	13,559	1,989,441	2,356,485	1,119,840
Total Expenses	\$ 51,656,294	\$ 10,025,128	\$ 321,773	\$ 4,243,321	\$ 14,590,222	\$ 66,246,516	\$ 76,631,432

¹Management and general includes \$625,000 of workers compensation expense due to actuarial increases in prior year claims

²Management and general includes \$365,000 of reduction in vehicle insurance expense due to actuarial reduction in prior year claims cost

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, 2013
(With comparative financial information for 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (9,638,030)	\$ (3,789,626)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,242,553	2,741,071
Net (Gain) Loss on disposal/impairment of property and equipment	989,539	527,979
Donated property and equipment	(163,355)	(123,440)
Realized and unrealized gains on investments	(178,272)	(20,824)
Other loss	106,220	-
Uncollectible pledge expense	-	349,250
(Increase) decrease in:		
Accounts receivable	478,032	(186,370)
Prepaid expenses and other assets	(102,144)	(177,928)
Boat Inventory	1,079,609	138,000
Boats under Lease	551,695	831,709
Restricted investments	100,000	-
Increase (decrease) in:		
Accounts payable	510,482	(472,394)
Accrued expenses	699,639	86,133
Accrued pension	1,546,199	(28,270)
Deferred revenues	(608,364)	3,117
Security deposits	43,605	(138,029)
Net cash provided by (used in) operating activities	<u>(2,342,592)</u>	<u>(259,622)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(749,883)	(1,344,142)
Proceeds from sale of property and equipment	1,373,304	26,592
Proceeds from sale of investments	6,819,550	9,274,083
Purchases of investments	(6,794,695)	(8,221,750)
Net cash provided by (used in) investing activities	<u>648,276</u>	<u>(265,217)</u>
Cash flows from financing activities:		
Net (repayments) borrowings on lines of credit	1,102,060	(533)
Proceeds from new borrowings from third parties	36,000	200,000
Payments on notes payable	(1,555,449)	(467,888)
Net cash used in financing activities	<u>(417,389)</u>	<u>(268,421)</u>
Net increase (decrease) in cash and cash equivalents	(2,111,705)	(793,260)
Cash and cash equivalents at beginning of year	9,029,385	9,822,645
Cash and cash equivalents at end of year	<u>\$ 6,917,680</u>	<u>\$ 9,029,385</u>
Cash paid for interest	<u>\$ 287,068</u>	<u>\$ 354,750</u>
Supplemental disclosure of noncash investing and financing activities:		
Financed purchases of property and equipment	\$ 129,890	\$ 108,539
Other noncash additions of property and equipment	526,276	385,984

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, 2013

(With comparative financial information for 2012)

1. Summary of Significant Accounting Policies

Organization

AMIkids, Inc. and affiliated member institutes and schools, non-profit corporations (collectively referred to as “AMIkids” or the “Organization”), are engaged in the rehabilitation of delinquent youth by providing education, treatment and behavior modification as components of the AMIkids Personal Growth Model[®]. These services are performed by AMIkids through over sixty affiliated, but independently governed member institutes and schools located in Florida, South Carolina, North Carolina, Louisiana, Virginia, Georgia, Texas, and New Mexico. 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, 2013

(With comparative financial information for 2012)

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 federal and 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 did not consider its pledges receivable, which are included in accounts receivable – other, fully collectible and had therefore recorded an allowance of \$349,250. In 2013, the uncollectible amount of \$346,250 was written off.

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, 2013 and 2012, 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 2014, 2015 and 2016 are approximately \$1,058,000 \$408,000 and \$111,000, respectively. At June 30, 2013 and 2012, the unexercised purchase options were approximately \$4,100,000 and \$4,272,000, respectively. The gross value and accumulated depreciation on leased property as of June 30, 2013 was approximately \$10,740,000 and \$4,840,000 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. Amortization of boats under lease amounted to \$1,777,805 and \$2,120,332 for the years ended June 30, 2013 and 2012, respectively. Amortization does not include the book value of boats optioned or

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

sold to buyers, which was \$1,339,703 and \$1,712,605 for the years ended June 30, 2013 and 2012, 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, 2013 and 2012, the Organization intends to sell the following vacated properties and has classified the net book value of the land, building and improvements as held for sale on the combined statement of financial position:

<u>Institute</u>	<u>Property held for sale</u>	<u>2013</u>	<u>2012</u>
AMIkids Inc	Land	\$ 178,600	\$ -
Manatee	Land, buildings and improvements	300,000	-
Middle Georgia	Land, buildings and improvements	151,047	-
Northeast Louisiana	Land and improvements	100,000	-
Panama City Marine	Land	140,000	-
Pasco	Land	110,000	110,000
Peninsula	Land, buildings and improvements	143,875	299,750
Jefferson	Land, buildings and improvements	200,000	-
Louisiana Properties	Land, buildings and improvements	405,163	-
WINGS Texas	Land, buildings and improvements	322,610	322,610
		<u>\$2,051,295</u>	<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

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows. During 2013 and 2012, the Organization recorded write-offs of long-lived assets and impairment charges for assets held for sale as follows:

Institute	Description of property	Reason for impairment	Fair value measurement	2013	2012
AMIkids	Land	Changed intended usage	Purchase offer	\$ -	\$ 111,623
Chicago	Leasehold improvements	Closure of facility	Complete write-off	-	13,477
Pasco	Land, buildings and improvements	Closure of facility	Purchase offer	-	316,800
Polk	Leasehold improvements	Closure of facility	Complete write-off	-	53,991
Baxley	Buildings and site improvements	Closure of facility	Complete write-off	95,031	
Bayou	Land improvements	Closure of facility	Complete write-off	63,519	
Manatee	Land, buildings and improvements	Closure of facility	Comparable sales	555,958	-
Northeast Louisiana	Land and improvements	Closure of related facility	Listing price	51,993	-
Panama City Marine	Land	Changed intended usage	Listing price	327,000	-
Peninsula	Land, buildings and improvements	Purchase offer	Purchase offer	155,875	-
Jefferson	Land, buildings and improvements	Closure of facility	Listing price	155,100	-
Louisiana Properties ¹	Land, buildings and improvements	Closure of facility	Listing price	108,734	-
				<u>\$ 1,513,210</u>	<u>\$ 495,891</u>

¹Reflects real property leased to AMIkids Southwest Louisiana until it ceased operations in 2013 due to loss of funding

Fair value for the above impairments was based on actual offers to purchase the property, the listed price less estimated costs to sell, or comparable sales for similar properties in similar areas. Impairment charges are included in impairment and other expenses within management and general on 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 \$510,000 and \$531,000 for the years ended June 30, 2013 and 2012, 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.

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

Year ended June 30, 2013

(With comparative financial information for 2012)

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, 2013 and 2012, donated services were not material to the financial statements.

Fair Value of Financial Instruments

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

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

- Level 1 – Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on observable quoted prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

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

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. 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 and cash equivalents, 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, 2013 and 2012 consist of investments of \$5,654,437 and \$2,187,660, 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, 2013 and 2012 consist of corporate bonds (included in pooled fixed income funds in Note 2) of \$96,522 and \$171,056, respectively, and cash surrender of insurance policies of \$72,831 and \$69,327, 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.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. Other expenses are allocated based on management's estimate of the benefit derived by each activity.

Income Taxes

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

The Organization 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 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's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Summarized Financial Information for 2012

The financial information for the year ended June 30, 2012 is presented for comparative purposes, and is not intended to be a complete presentation. Certain amounts for fiscal 2012 have been reclassified to conform with their presentation in the 2013 financial statements with no impact on total net assets or changes in net assets.

2. Investments

Investments at June 30, 2013 and 2012 consist of:

	2013		2012	
	Cost	Fair value	Cost	Fair value
Restricted cash equivalents	\$ -	\$ -	\$ 100,000	\$ 100,000
Certificates of deposit	2,444,872	2,431,530	5,667,516	5,673,860
Pooled equity funds	1,177,238	1,511,369	1,354,399	1,504,799
Pooled fixed income funds	474,247	484,899	499,437	537,716
Equity securities	77,147	87,203	256,229	316,201
Cash surrender value of insurance policies	72,831	72,831	69,327	69,327
Government securities	3,689,511	3,667,488	-	-
	\$ 7,935,846	\$ 8,255,320	\$ 7,946,908	\$ 8,201,903

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

Investment income was comprised of the following for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 113,956	\$ 115,430
Net realized and unrealized gains	178,272	20,824
	<u>\$ 292,228</u>	<u>\$ 136,254</u>

3. Property and Equipment

Property and equipment at June 30, 2013 and 2012 consist of:

	<u>2013</u>	<u>2012</u>
Land and permanent site improvements	\$ 3,825,915	\$ 5,675,949
Buildings and leasehold improvements	21,319,541	24,772,289
Furniture, fixtures and equipment	8,707,444	9,313,050
Motor vehicles	2,712,422	3,828,361
Boats, motors and trailers	812,697	812,654
Swimming Pools	469,723	492,319
Construction in progress (estimate to complete is \$829,000)	131,258	416,439
	<u>37,979,000</u>	<u>45,311,061</u>
Less accumulated depreciation and amortization	<u>(26,448,697)</u>	<u>(29,425,831)</u>
	<u>\$ 11,530,303</u>	<u>\$ 15,885,230</u>

Included in furniture, fixtures and equipment are assets recorded under capital leases with a cost and accumulated depreciation of \$174,270 and \$111,294, respectively, at June 30, 2013 and \$303,217 and \$161,168 respectively, at June 30, 2012.

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, 2013
(With comparative financial information for 2012)

4. Lines of Credit

Lines of credit at June 30, 2013 and 2012 consist of:

Entity	<u>2013</u>	<u>2012</u>
AMIkids, Inc. Line of Credit, maximum available \$3,000,000, bearing interest at the LIBOR Index plus 2.25% , (interest rate at June 30, 2013 was 2.44%), expiring January 2014, collateralized by government receivables	\$ -	\$ -
AMIkids, Inc. Line of Credit, maximum available \$6,000,000, bearing interest at the LIBOR Index plus 2.25% , (interest rate at June 30, 2013 was 2.44%), expiring January 2014, collateralized by vessel inventory and lease receivables	1,000,000	-
Jacksonville Line of credit, maximum available \$700,000, bearing interest at LIBOR Rate plus 3.5%; interest-only through October 1, 2013 with 20-year principal amortization thereafter; due April 1, 2018, collateralized by real estate	-	-
Panama City Line of credit, maximum available \$103,000, interest-only with interest at 5.5%, due July 2013; collateralized by equipment; paid August 2013 with a five year promissory note.	103,000	-
Space Coast 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, 2013 was 5.00%), expiring December 2013, collateralized by building	-	-
Tampa Line of Credit, maximum available was \$20,000, interest at prime plus 2%, due on demand, uncollateralized; line was terminated in 2013	-	940
Total Lines of Credit	<u>\$ 1,103,000</u>	<u>\$ 940</u>

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, 2013, the Organization had a maximum of approximately \$8,800,000 available under lines of credit, subject to availability based on asset levels. The actual amount available based on asset levels as of June 30, 2013 was approximately \$6,668,000. The AMIkids, Inc. lines of credit contain restrictive financial covenants related to unrestricted net assets, liquidity to modified debt ratio, 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, 2013 and 2012.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

5. Notes Payable

Notes payable at June 30, 2013 and 2012 consists of:

Entity	2013	2012
AMIkids, Inc. Mortgage payable bearing interest at LIBOR index plus 2.1% (interest rate at June 30, 2013 was 2.29%); monthly installments of \$7,711 plus interest, due April 2017 with a final payment of \$7,843, collateralized by building	\$ 351,041	\$ 443,571
AMIkids, Inc. Mortgage payable bearing interest at LIBOR index plus 2.1% (interest rate at June 30, 2013 was 2.29%); monthly installments of \$4,564 plus interest,; due April 2017 with a final payment of \$4,565, collateralized by building	209,956	264,727
Beaufort Note payable in monthly installments of \$664, including interest at 1.99%, due August 2018, collateralized by vehicle	37,895	-
Beaufort Note payable in monthly installments of \$666, including interest at 2.2%, due October 2018, collateralized by vehicle	39,561	-
Baton Rouge 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 was cancelled and repayment made in 2013	-	200,000
Baton Rouge Note payable in monthly installments of \$1,783 including interest at 5.9%, due September 2014, collateralized by vehicles	19,333	38,921
Baton Rouge Note payable in monthly installments of \$792, including interest at 5.9%, due August 2016; collateralized by vehicle	27,388	35,005
Georgetown Note payable in monthly installments of \$956, including interest at 6.7%, due November 2016; collateralized by vehicles	30,247	-
Jacksonville Note payable in monthly installments of \$500, including interest at 13.3%, due March 2015, collateralized by equipment under capital lease	9,313	13,748
Jefferson Mortgage payable in monthly principal installments of \$2,398, plus interest of LIBOR Index rate plus 2.1%, (interest rate at June 30, 2013 was 2.29%); due April 2017, collateralized by three modular buildings,	108,269	137,042

AMKids, Inc. and Affiliates
Notes to Combined Financial Statements
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(With comparative financial information for 2012)

Entity	2013	2012
Louisiana Properties Mortgage payable in monthly installments of \$24,085, plus interest of 5.2% , due August 2016, collateralized by real estate in Branch, Louisiana and Lake Charles, Louisiana	819,918	1,608,323
Manatee Note payable in monthly installments of \$746, including interest at 10%, due December 2013, paid negotiated amount and returned equipment in 2013	-	12,421
Orlando Mortgage payable in monthly installments of \$1,370 including interest at 7.25%, due November 2017, collateralized by building	62,446	73,325
Pasco Mortgage payable in monthly installments of \$1,485 including interest at 7.70%, due August 2021, collateralized by building. Building sold and note paid in 2013.	-	118,048
Palm Beach Note payable in monthly installments of \$513, including interest at 4% , due April 2017, paid negotiated amount and returned equipment in 2013	-	24,597
Panama City Note payable in monthly installments of \$681, including interest at 5% , due May 2018; uncollateralized	35,484	-
Panama City 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	465,838	481,430
Pensacola Mortgage payable in monthly installments of \$1,337, including interest at 6% , due December 2014 with final balloon payment of \$68,529, collateralized by building	85,954	96,422
Piedmont Mortgage payable in monthly installments of \$662 including interest at 6.5%, balloon payment of approx \$29,400, due November 2016, collateralized by building	47,460	52,160
Virginia Wilderness Note payable in monthly installments of \$5,000, including interest at 6% , due September 2014; uncollateralized	36,787	-
Various Various notes payable, monthly installments from \$97 to \$577, various interest rates, due various dates through May 2017, collateralized by vehicles and equipment.	61,599	132,088
Total Notes Payable	\$ 2,448,489	\$ 3,731,828

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

AMIkids, Inc. has guaranteed the notes payable for Louisiana Properties and Jefferson.
Principal payments on notes payable for years subsequent to June 30, 2013 are as follows:

2014	\$	576,394
2015		611,090
2016		543,700
2017		290,502
2018		50,252
Thereafter		376,551
	\$	<u>2,448,489</u>

6. Accrued Expenses

Accrued expenses at June 30, 2013 and 2012 consist of:

	<u>2013</u>	<u>2012</u>
Workers compensation self-insurance reserve	\$ 4,122,594	\$ 3,377,513
Vehicle and other self-insurance reserve	764,213	208,612
Medical self-insurance reserve	500,000	535,259
Accrued payroll	475,709	618,026
Accrued vacation	693,333	931,354
Accrued severance and unemployment	1,088,236	718,661
Accrued boat program payments	171,158	737,995
Other accruals	736,069	724,253
	<u>\$ 8,551,312</u>	<u>\$ 7,851,673</u>

7. Restrictions and Limitations on Net Assets

Temporarily restricted net assets consist of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Education/scholarship	\$ 760,829	\$ 943,554
Building / Equipment	618,725	1,088,668
Girls Initiative Program	420,469	419,505
Experiential Activities	242,265	354,518
Other	207,367	192,069
	<u>\$ 2,249,655</u>	<u>\$ 2,998,314</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 expense. During 2013, \$100,000 of permanently restricted net assets was transferred to unrestricted net assets as it was determined the donor never intended the contribution to be a permanent endowment.

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

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

corporation's management of investments and is effective for institutional funds existing on or established after July 1, 2012.

The Board of Trustees of the Organization has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization;
- (7) The investment policies of the Organization.

The adoption of FUPMIFA had no impact to the Institute's 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, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Education/scholarship	\$ 236,896	\$ 191,743
Building/ Equipment	759,139	128,502
Experiential Activities	1,758,872	173,677
Other	638,425	195,110
	<u>\$ 3,393,332</u>	<u>\$ 689,032</u>

AMIKids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

9. Net Assets

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
AMIKids, Inc.				
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
Change in Net Assets	(7,224,940)	7,319	-	(7,217,621)
Net Assets June 30, 2013	13,413,756	51,832	50,000	13,515,588

AMIKids Foundation

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
Change in Net Assets	26,180	(66,962)	-	(40,782)
Net Assets June 30, 2013	94,702	850,398	7,090	952,190

Member Institutes and Schools

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
Change in Net Assets	(1,590,611)	(689,016)	(100,000)	(2,379,627)
Net Assets June 30, 2013	8,338,817	1,347,425	-	9,686,242
Total Net Assets as of June 30, 2013	\$ 21,847,275	\$ 2,249,655	\$ 57,090	\$ 24,154,020

10. Commitments and Contingencies

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

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

AMIKids leases facilities under operating leases expiring in various years. Rent expense on these operating leases charged to operations for the years ended June 30, 2013 and 2012 was approximately

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

\$725,000 and \$845,000, respectively. Based on the current operating leases the annual lease expense is expected to remain consistent with 2013 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 \$1,822,460 and \$2,902,069 at June 30, 2013 and 2012, 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 \$4,887,000 and \$3,586,000 at June 30, 2013 and 2012, 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 \$1,500,000, which is collateralized by investments and cash and cash equivalents held by AMIkids. There is also an additional \$3,500,000 held in a secured collateralized account to support these policies. Total investments and cash and cash equivalents of \$6,000,000 support the expected insurance commitments, including the required letters of credit and collateralized investment accounts.

AMIkids is self insured for group health insurance up to a maximum of \$125,000 per employee. Management has accrued approximately \$500,000 and \$535,000 at June 30, 2013 and 2012, 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, 2013 and 2012 was approximately \$1,623,000 and \$2,061,000, respectively, and is included in employee benefits and payroll taxes on the combined statement of functional expenses.

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, 2013
(With comparative financial information for 2012)

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, 2013, AMikids opened AMikids Lafayette, Inc., which operates the School Safety Intervention Model of the AMikids Center for Academic Discipline program for 30 youths. As part of AMikids Pensacola, Inc., AMikids also opened the Escambia Boys Base residential program which serves 28 youths.

During 2013 and due to a loss of funding, the following Institutes were closed: AMikids Alexandria, Inc., AMikids Baxley, Inc., AMikids Bayou Region, Inc., AMikids Donaldsonville, Inc., AMikids Jefferson, Inc., AMikids Last Chance Ranch, Inc., AMikids Middle Georgia, Inc., AMikids Norfolk, Inc., AMikids Northeast Louisiana, Inc., AMikids Red River, Inc., AMikids Savannah River, Inc., AMikids Sarasota County, Inc., AMikids Southwest Louisiana, Inc., AMikids West Florida, Inc., and AMikids WINGS South Florida, Inc. AMikids continues to pursue alternative funding with the possibility that some of these programs could reopen at a future date.

The Organization paid approximately \$306,000 and \$108,000 of severance and unemployment costs, respectively, during 2013 related to these closures. In addition, approximately \$1,025,000 has been recorded in accrued expenses as of June 30, 2013 for future payments of unemployment, severance and other payroll costs related to staff terminated pursuant to these closures. The total amount expensed during the year ended June 30, 2013 related to one-time termination benefits was approximately \$1,439,000 and is included in program expenses on the accompanying combined statement of activities. Of this amount, \$475,000 is included in salaries and \$964,000 is included in employee benefits and payroll taxes on the accompanying combined statement of functional expenses.

During fiscal year ended June 30, 2012 and due to a loss of funding, the AMikids Polk, Inc., AMikids Infinity Chicago, Inc., AMikids Manatee, Inc., and the AMikids Palm Beach, Inc. Institutes were closed. The Organization paid approximately \$5,000 of severance costs during 2012 related to these closures. In addition, approximately \$160,000 had been recorded in accrued expenses as of June 30, 2012 for future payments of unemployment and severance costs related to staff terminated pursuant to these 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. As of June 30, 2013, approximately \$26,700 remains in accrued unemployment expense related to these closures.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements
Year ended June 30, 2013
(With comparative financial information for 2012)

14. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2013 as of September 18, 2013, which is the date the combined financial statements were issued. Subsequent events occurring after September 17, 2013 have not been evaluated by management. No material events have occurred since June 30, 2013 that require recognition or disclosure in the combined financial statements.

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 17, 2013

AMikids, Inc. and Affiliates
Combining Schedule - Statement of Financial Position Information
June 30, 2013

Schedule I

	AMikids	AMikids Acadiana	AMikids Foundation	AMikids Gainesville	AMikids Family Services	AMikids Baton Rouge	AMikids Baxley Wilderness	AMikids Beaufort
Assets								
Cash and Cash Equivalents	\$ 1,101,462	\$ 20,172	\$ 2,950,230	\$ 15,580	\$ 57,997	\$ 51,662	\$ -	\$ 44,934
Investments	6,535,174	-	544,182	-	-	-	-	448,487
Accounts Receivable:								
Funding Agencies	3,419,407	-	-	10,552	-	93,537	-	4,975
Other, net	432,427	11,231	-	7,038	-	7,551	-	18,136
Prepaid Expenses and Other Assets	620,107	41,365	-	25,832	59,828	42,767	-	44,205
Assets Held for Sale	178,600	-	-	-	-	-	-	-
Due from Affiliates	10,766,928	117,834	-	40,616	471,410	26,922	-	106,271
Boat Inventory	1,822,460	-	-	-	-	-	-	-
Boats under Lease	5,737,691	-	-	-	-	-	-	-
Property and Equipment, Net	701,622	18,546	-	129,190	12,419	480,877	32,405	368,492
	<u>\$ 31,315,878</u>	<u>\$ 209,148</u>	<u>\$ 3,494,412</u>	<u>\$ 228,808</u>	<u>\$ 601,654</u>	<u>\$ 703,316</u>	<u>\$ 32,405</u>	<u>\$ 1,035,500</u>
Liabilities and Net Assets (Deficit)								
Liabilities:								
Lines of Credit	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	488,553	38,007	-	23,342	24,930	24,613	-	25,732
Accrued Expenses	11,642,050	38,057	1,082	26,222	24,536	86,570	-	41,719
Accrued Pension	-	-	-	-	-	-	-	-
Due to Affiliates	2,741,021	1,552,615	2,541,140	531,995	20,834	133,681	-	24,862
Deferred Revenues	6,290	-	-	27,474	-	-	12,280	-
Security Deposits	1,598,246	-	-	-	-	-	-	-
Notes Payable	560,997	-	-	8,248	-	46,721	-	77,456
Total Liabilities	<u>18,037,157</u>	<u>1,628,679</u>	<u>2,542,222</u>	<u>617,281</u>	<u>70,300</u>	<u>291,585</u>	<u>12,280</u>	<u>169,769</u>
Net Assets (Deficit):								
Unrestricted	13,176,889	(1,435,521)	94,702	(392,746)	531,354	387,015	20,125	834,005
Temporarily Restricted	51,832	15,990	850,398	4,273	-	24,716	-	31,726
Permanently Restricted	50,000	-	7,090	-	-	-	-	-
Total Net Assets (Deficit)	<u>13,278,721</u>	<u>(1,419,531)</u>	<u>952,190</u>	<u>(388,473)</u>	<u>531,354</u>	<u>411,731</u>	<u>20,125</u>	<u>865,731</u>
	<u>\$ 31,315,878</u>	<u>\$ 209,148</u>	<u>\$ 3,494,412</u>	<u>\$ 228,808</u>	<u>\$ 601,654</u>	<u>\$ 703,316</u>	<u>\$ 32,405</u>	<u>\$ 1,035,500</u>

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AMikids, Inc. and Affiliates
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Schedule I

	AMikids Big Cypress	AMikids Bennettsville	AMikids Sand Hills	AMikids White Pines	AMikids Donaldsonville	AMikids Crossroads	AMikids Miami Dade
Assets							
Cash and Cash Equivalents	\$ 76,096	\$ 28,079	\$ 28,717	\$ 26,351	\$ 87	\$ 75,777	\$ 82,547
Investments	-	-	-	-	-	188,483	-
Accounts Receivable:							
Funding Agencies	45,407	6,310	6,195	5,362	-	107,899	72,852
Other, net	3,831	11,286	7,996	9,011	-	26,576	9,322
Prepaid Expenses and Other Assets	42,303	53,558	39,680	37,594	-	43,213	68,613
Assets Held for Sale	-	-	-	-	-	-	-
Due from Affiliates	106,055	107,608	106,476	106,078	-	9,815	138,098
Boat Inventory	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-
Property and Equipment, Net	38,618	69,680	43,560	30,686	-	270,691	363,223
	<u>\$ 312,310</u>	<u>\$ 276,521</u>	<u>\$ 232,624</u>	<u>\$ 215,082</u>	<u>\$ 87</u>	<u>\$ 722,454</u>	<u>\$ 734,655</u>
Liabilities and Net Assets (Deficit)							
Liabilities:							
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	32,758	38,895	38,225	26,082	-	21,618	91,629
Accrued Expenses	47,021	38,393	53,269	49,857	-	53,394	77,208
Accrued Pension	-	-	-	-	-	-	-
Due to Affiliates	575,174	838,861	218,257	299,162	-	239,696	198,030
Deferred Revenues	-	36,396	13,948	14,271	-	-	60,378
Security Deposits	-	-	-	-	-	-	-
Notes Payable	6,038	-	2,398	-	-	1,043	881
Total Liabilities	<u>660,991</u>	<u>952,545</u>	<u>326,097</u>	<u>389,372</u>	<u>-</u>	<u>315,751</u>	<u>428,126</u>
Net Assets (Deficit):							
Unrestricted	(367,050)	(676,024)	(93,473)	(174,290)	87	395,682	222,729
Temporarily Restricted	18,369	-	-	-	-	11,021	83,800
Permanently Restricted	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(348,681)</u>	<u>(676,024)</u>	<u>(93,473)</u>	<u>(174,290)</u>	<u>87</u>	<u>406,703</u>	<u>306,529</u>
	<u>\$ 312,310</u>	<u>\$ 276,521</u>	<u>\$ 232,624</u>	<u>\$ 215,082</u>	<u>\$ 87</u>	<u>\$ 722,454</u>	<u>\$ 734,655</u>

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Schedule I

	AMikids Emerald Coast	AMikids Pensacola	AMikids Last Chance Ranch	AMikids Greater Ft. Lauderdale	AMikids Georgia	AMikids Georgetown	AMikids Manatee County	AMikids Sarasota County	AMikids Infinity Schools, Inc.
Assets									
Cash and Cash Equivalents	\$ 30,077	\$ 79,065	\$ 2,353	\$ 229,441	\$ -	\$ 417,386	\$ 6,927	\$ -	\$ 3,042
Investments	-	19,290	-	-	-	-	-	-	-
Accounts Receivable:									
Funding Agencies	-	-	-	-	-	10,373	-	-	35,159
Other, net	5,505	9,084	-	4,216	-	12,169	-	-	-
Prepaid Expenses and Other Assets	32,915	37,786	2,500	48,352	-	30,133	4,567	-	26,808
Assets Held for Sale	-	-	-	-	-	-	300,000	-	-
Due from Affiliates	29,403	190,970	1,898	65,496	237,549	118,691	450	146,015	12,603
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	11,511	427,676	22,076	40,364	-	57,940	4,661	986	-
	<u>\$ 109,411</u>	<u>\$ 763,871</u>	<u>\$ 28,827</u>	<u>\$ 387,869</u>	<u>\$ 237,549</u>	<u>\$ 646,692</u>	<u>\$ 316,605</u>	<u>\$ 147,001</u>	<u>\$ 77,612</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	15,295	47,647	293	43,147	-	21,155	1,203	-	3,919
Accrued Expenses	14,948	83,167	20,500	44,332	1,388	40,034	19,005	84,998	10,578
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	162,454	147,284	-	29,431	306	37,321	308,165	-	42,961
Deferred Revenues	11,809	32,373	-	53,236	-	13,420	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	-
Notes Payable	4,694	85,954	-	13,092	-	30,247	-	-	-
Total Liabilities	<u>209,200</u>	<u>396,425</u>	<u>20,793</u>	<u>183,238</u>	<u>1,694</u>	<u>142,177</u>	<u>328,373</u>	<u>84,998</u>	<u>57,458</u>
Net Assets (Deficit):									
Unrestricted	(104,788)	358,376	(1,988)	198,801	30,063	350,493	(11,768)	62,003	14,971
Temporarily Restricted	4,999	9,070	10,022	5,830	205,792	154,022	-	-	5,183
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(99,789)</u>	<u>367,446</u>	<u>8,034</u>	<u>204,631</u>	<u>235,855</u>	<u>504,515</u>	<u>(11,768)</u>	<u>62,003</u>	<u>20,154</u>
	<u>\$ 109,411</u>	<u>\$ 763,871</u>	<u>\$ 28,827</u>	<u>\$ 387,869</u>	<u>\$ 237,549</u>	<u>\$ 646,692</u>	<u>\$ 316,605</u>	<u>\$ 147,001</u>	<u>\$ 77,612</u>

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	AMikids Georgia Properties	AMikids Infinity Wake County	AMikids New Mexico Properties	AMikids Infinity Marlboro	AMikids Lafayette	AMikids North Carolina Family Services	AMikids Jacksonville	AMikids Jefferson
Assets								
Cash and Cash Equivalents	\$ -	\$ 4,638	\$ -	\$ 2,994	\$ 7,193	\$ 36,704	\$ 191,447	\$ 8,293
Investments	-	-	-	-	-	-	-	-
Accounts Receivable:								
Funding Agencies	-	-	-	-	30,667	-	10,600	555
Other, net	-	-	-	-	-	1,376	8,018	-
Prepaid Expenses and Other Assets	-	18,136	-	20,590	10,030	68,552	74,978	100
Assets Held for Sale	-	-	-	-	-	-	-	200,000
Due from Affiliates	147,619	-	756,000	11,142	-	302,785	55,235	-
Boat Inventory	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-
Property and Equipment, Net	2,417,475	8,679	-	-	-	49,940	199,434	9,597
	<u>\$ 2,565,094</u>	<u>\$ 31,453</u>	<u>\$ 756,000</u>	<u>\$ 34,726</u>	<u>\$ 47,890</u>	<u>\$ 459,357</u>	<u>\$ 539,712</u>	<u>\$ 218,545</u>
Liabilities and Net Assets (Deficit)								
Liabilities:								
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	5,801	-	5,249	3,198	30,108	14,424	10,847
Accrued Expenses	203	11,045	203	8,697	5,930	49,347	25,867	41,713
Accrued Pension	-	-	-	-	-	-	-	-
Due to Affiliates	74	10,269	75	49,781	12,807	22,628	32,717	15,986
Deferred Revenues	-	-	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	9,313	108,269
Total Liabilities	<u>277</u>	<u>27,115</u>	<u>278</u>	<u>63,727</u>	<u>21,935</u>	<u>102,083</u>	<u>82,321</u>	<u>176,815</u>
Net Assets (Deficit):								
Unrestricted	2,564,817	4,338	755,722	(35,642)	25,955	357,274	246,864	41,730
Temporarily Restricted	-	-	-	6,641	-	-	210,527	-
Permanently Restricted	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>2,564,817</u>	<u>4,338</u>	<u>755,722</u>	<u>(29,001)</u>	<u>25,955</u>	<u>357,274</u>	<u>457,391</u>	<u>41,730</u>
	<u>\$ 2,565,094</u>	<u>\$ 31,453</u>	<u>\$ 756,000</u>	<u>\$ 34,726</u>	<u>\$ 47,890</u>	<u>\$ 459,357</u>	<u>\$ 539,712</u>	<u>\$ 218,545</u>

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Schedule I

	AMikids Graduate School	AMikids Middle Georgia	South Carolina Wilderness Institute	AMikids Pasco	AMikids Northeast Louisiana	AMikids Orlando	AMikids Panama City Marine Institute
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 61,551	\$ -	\$ 82,730	\$ 102,412
Investments	-	-	-	-	-	-	-
Accounts Receivable:							
Funding Agencies	-	-	-	-	-	-	1,135
Other, net	-	-	-	1,028	-	4,107	7,443
Prepaid Expenses and Other Assets	-	-	-	24,242	-	35,813	75,079
Assets Held for Sale	-	151,047	-	110,000	100,000	-	140,000
Due from Affiliates	12,806	-	-	82,645	-	41,565	53,877
Boat Inventory	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-
Property and Equipment, Net	-	18,250	297,502	8,318	3,482	75,424	403,523
	<u>\$ 12,806</u>	<u>\$ 169,297</u>	<u>\$ 297,502</u>	<u>\$ 287,784</u>	<u>\$ 103,482</u>	<u>\$ 239,639</u>	<u>\$ 783,469</u>
Liabilities and Net Assets (Deficit)							
Liabilities:							
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,000
Accounts Payable	-	474	-	11,194	-	15,948	42,834
Accrued Expenses	5,917	104	203	14,427	-	73,295	29,008
Accrued Pension	-	-	-	-	-	-	-
Due to Affiliates	6,889	-	1,916	14,136	58,451	71,618	33,415
Deferred Revenues	-	1,362	-	2,152	-	3,807	27,941
Security Deposits	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	65,254	501,322
Total Liabilities	<u>12,806</u>	<u>1,940</u>	<u>2,119</u>	<u>41,909</u>	<u>58,451</u>	<u>229,922</u>	<u>737,520</u>
Net Assets (Deficit):							
Unrestricted	(13,150)	167,357	295,383	175,963	45,031	(76,367)	26,079
Temporarily Restricted	13,150	-	-	69,912	-	86,084	19,870
Permanently Restricted	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>-</u>	<u>167,357</u>	<u>295,383</u>	<u>245,875</u>	<u>45,031</u>	<u>9,717</u>	<u>45,949</u>
	<u>\$ 12,806</u>	<u>\$ 169,297</u>	<u>\$ 297,502</u>	<u>\$ 287,784</u>	<u>\$ 103,482</u>	<u>\$ 239,639</u>	<u>\$ 783,469</u>

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Schedule I

	AMikids Piedmont	AMikids Pinellas	AMikids Peninsula	AMikids Red River	AMikids Rio Grande Valley	AMikids Sandoval	AMikids Savannah River	AMikids Louisiana Properties	AMikids Southwest Florida
Assets									
Cash and Cash Equivalents	\$ 55,249	\$ 15,389	\$ -	\$ 30,169	\$ 13,318	\$ 70,276	\$ 3,655	\$ -	\$ 136,571
Investments	-	-	-	-	-	-	-	-	124,055
Accounts Receivable:									
Funding Agencies	4,972	-	-	25,022	26,823	-	-	-	-
Other, net	6,333	3,504	-	6,753	5,370	2,498	-	-	4,620
Prepaid Expenses and Other Assets	32,407	33,160	2,334	1,200	27,068	156,048	40,407	20,927	32,560
Assets Held for Sale	-	-	143,875	-	-	-	-	405,163	-
Due from Affiliates	102,667	34,317	-	-	47,968	265,036	7,433	511,400	66,590
Boat Inventory	-	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	145,618	125,264	-	380,841	67,737	295,700	106,792	1,625,154	148,758
	<u>\$ 347,246</u>	<u>\$ 211,634</u>	<u>\$ 146,209</u>	<u>\$ 443,985</u>	<u>\$ 188,284</u>	<u>\$ 789,558</u>	<u>\$ 158,287</u>	<u>\$ 2,562,644</u>	<u>\$ 513,154</u>
Liabilities and Net Assets (Deficit)									
Liabilities:									
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	24,277	14,369	-	20,254	18,633	35,542	6,406	-	16,901
Accrued Expenses	33,266	17,076	84,886	107,841	29,790	68,479	162,502	203	39,459
Accrued Pension	-	-	-	-	-	-	-	-	-
Due to Affiliates	23,157	29,409	58,989	505,979	1,448,567	943,655	436,768	578,122	27,490
Deferred Revenues	49,833	36,202	-	-	35,058	-	-	-	-
Security Deposits	-	-	2,500	-	-	-	-	-	-
Notes Payable	47,680	-	-	-	-	-	5,302	819,918	11,658
Total Liabilities	<u>178,213</u>	<u>97,056</u>	<u>146,375</u>	<u>634,074</u>	<u>1,532,048</u>	<u>1,047,676</u>	<u>610,978</u>	<u>1,398,243</u>	<u>95,508</u>
Net Assets (Deficit):									
Unrestricted	163,171	111,163	(166)	(195,861)	(1,374,115)	(263,118)	(538,816)	1,164,401	369,716
Temporarily Restricted	5,862	3,415	-	5,772	30,351	5,000	86,125	-	47,930
Permanently Restricted	-	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>169,033</u>	<u>114,578</u>	<u>(166)</u>	<u>(190,089)</u>	<u>(1,343,764)</u>	<u>(258,118)</u>	<u>(452,691)</u>	<u>1,164,401</u>	<u>417,646</u>
	<u>\$ 347,246</u>	<u>\$ 211,634</u>	<u>\$ 146,209</u>	<u>\$ 443,985</u>	<u>\$ 188,284</u>	<u>\$ 789,558</u>	<u>\$ 158,287</u>	<u>\$ 2,562,644</u>	<u>\$ 513,154</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
Assets								
Cash and Cash Equivalents	\$ 22,054	\$ 392,806	\$ 13,470	\$ 6,396	\$ 8,499	\$ 146,699	\$ 13,874	\$ 44,926
Investments	-	-	-	-	-	-	-	-
Accounts Receivable:								
Funding Agencies	3,383	33,663	-	-	-	294,949	39,420	140
Other, net	200	8,447	3,345	4,684	3,610	14,571	1,100	-
Prepaid Expenses and Other Assets	300	33,608	29,138	26,292	56,453	37,082	8,450	-
Assets Held for Sale	-	-	-	-	-	-	-	-
Due from Affiliates	1,275	95,372	55,068	35,040	51,962	-	9,694	84,431
Boat Inventory	-	-	-	-	-	-	-	-
Boats under Lease	-	-	-	-	-	-	-	-
Property and Equipment, Net	24,340	759,202	168,773	440,783	7,016	469,512	80,245	3,932
	<u>\$ 51,552</u>	<u>\$ 1,323,098</u>	<u>\$ 269,794</u>	<u>\$ 513,195</u>	<u>\$ 127,540</u>	<u>\$ 962,813</u>	<u>\$ 152,783</u>	<u>\$ 133,429</u>
Liabilities and Net Assets (Deficit)								
Liabilities:								
Lines of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	4,403	46,879	16,427	12,386	30,454	27,251	10,948	15,249
Accrued Expenses	37,248	37,643	27,614	48,095	25,924	54,013	52,266	11,241
Accrued Pension	-	-	-	-	-	-	-	-
Due to Affiliates	24,181	25,003	35,679	253,141	30,318	66,459	18,973	77,445
Deferred Revenues	11,124	31,120	25,191	68,403	-	36,877	14,796	-
Security Deposits	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	5,216	-	36,788	-	-
Total Liabilities	<u>76,956</u>	<u>140,645</u>	<u>104,911</u>	<u>387,241</u>	<u>86,696</u>	<u>221,388</u>	<u>96,983</u>	<u>103,935</u>
Net Assets (Deficit):								
Unrestricted	(25,404)	1,084,145	164,048	111,063	40,844	741,425	50,551	29,494
Temporarily Restricted	-	98,308	835	14,891	-	-	5,249	-
Permanently Restricted	-	-	-	-	-	-	-	-
Total Net Assets (Deficit)	<u>(25,404)</u>	<u>1,182,453</u>	<u>164,883</u>	<u>125,954</u>	<u>40,844</u>	<u>741,425</u>	<u>55,800</u>	<u>29,494</u>
	<u>\$ 51,552</u>	<u>\$ 1,323,098</u>	<u>\$ 269,794</u>	<u>\$ 513,195</u>	<u>\$ 127,540</u>	<u>\$ 962,813</u>	<u>\$ 152,783</u>	<u>\$ 133,429</u>

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Schedule I

	AMikids WINGS Texas	AMikids Y.E.S.	Total	Eliminations	Total
Assets					
Cash and Cash Equivalents	\$ -	\$ 118,385	\$ 6,917,680	\$ -	\$ 6,917,680
Investments	-	395,649	8,255,320	-	8,255,320
Accounts Receivable:					
Funding Agencies	-	31,933	4,321,290	-	4,321,290
Other, net	-	4,649	667,035	-	667,035
Prepaid Expenses and Other Assets	125	27,838	2,195,043	(607,738)	1,587,305
Assets Held for Sale	322,610	-	2,051,295	-	2,051,295
Due from Affiliates	-	223,697	15,962,810	(15,962,810)	-
Boat Inventory	-	-	1,822,460	-	1,822,460
Boats under Lease	-	-	5,737,691	-	5,737,691
Property and Equipment, Net	-	63,789	11,530,303	-	11,530,303
	<u>\$ 322,735</u>	<u>\$ 865,940</u>	<u>\$ 59,460,927</u>	<u>\$ (16,570,548)</u>	<u>\$ 42,890,379</u>
Liabilities and Net Assets (Deficit)					
Liabilities:					
Lines of Credit	\$ -	\$ -	\$ 1,103,000	-	\$ 1,103,000
Accounts Payable	-	32,313	1,479,812	46	1,479,858
Accrued Expenses	-	53,448	13,655,281	(5,103,969)	8,551,312
Accrued Pension	-	-	-	2,898,863	2,898,863
Due to Affiliates	380,021	25,488	15,962,856	(15,962,856)	-
Deferred Revenues	-	28,350	654,091	-	654,091
Security Deposits	-	-	1,600,746	-	1,600,746
Notes Payable	-	-	2,448,489	-	2,448,489
Total Liabilities	<u>380,021</u>	<u>139,599</u>	<u>36,904,275</u>	<u>(18,167,916)</u>	<u>18,736,359</u>
Net Assets (Deficit):					
Unrestricted	(57,286)	673,651	20,249,907	1,597,368	21,847,275
Temporarily Restricted	-	52,690	2,249,655	-	2,249,655
Permanently Restricted	-	-	57,090	-	57,090
Total Net Assets (Deficit)	<u>(57,286)</u>	<u>726,341</u>	<u>22,556,652</u>	<u>1,597,368</u>	<u>24,154,020</u>
	<u>\$ 322,735</u>	<u>\$ 865,940</u>	<u>\$ 59,460,927</u>	<u>\$ (16,570,548)</u>	<u>\$ 42,890,379</u>

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AMikids, Inc. and Affiliates
Combining Schedule - Statement of Activities Information
Year Ended June 30, 2013

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	\$ 1,834,043	\$ -	\$ -	\$ 431,209	\$ 1,073,105	\$ -	\$ -	\$ -	\$ -
South Carolina	1,196,008	-	-	-	-	-	-	-	1,053,727
Louisiana	201,397	1,367,607	-	-	-	-	-	-	-
Georgia	194,753	-	-	-	-	-	232,903	-	-
Texas	80,275	-	-	-	-	-	-	-	-
North Carolina	220,410	-	-	-	-	-	-	-	-
Federal Support	595,364	79,025	-	80,652	-	109,838	13,115	-	74,987
Regional Funds	-	113,234	-	172,044	-	530,161	117,225	-	27,475
Contributions	1,814,980	15,635	214,603	75,148	170	473,214	922	28,813	130,118
Total Public Support	6,137,230	1,575,501	214,603	759,053	1,073,275	1,113,213	364,165	28,813	1,286,307
Revenue									
Boat Program	4,763,821	-	-	-	-	-	-	-	-
Investment income	460,980	-	15,984	-	5,496	178	982	-	1,788
Other	2,592,759	4,106	-	112,913	-	1,640	506	317,176	48,668
Total revenue	7,817,560	4,106	15,984	112,913	5,496	1,818	1,488	317,176	50,456
Total public support and revenues	13,954,790	1,579,607	230,587	871,966	1,078,771	1,115,031	365,653	345,989	1,336,763
Expenses									
Program Services	-	1,768,369	-	868,193	972,232	1,209,021	821,419	415,949	1,386,664
Management and general	16,632,947	19,494	-	39,043	19,752	107,897	132,714	13,515	21,047
Fundraising	296,143	-	271,369	-	-	-	-	-	-
Boat Program	4,243,321	-	-	-	-	-	-	-	-
Total expenses	21,172,411	1,787,863	271,369	907,236	991,984	1,316,918	954,133	429,464	1,407,711
Change in net assets	(7,217,621)	(208,256)	(40,782)	(35,270)	86,787	(201,887)	(588,480)	(83,475)	(70,948)
Net assets (deficit), beginning of the year	20,496,342	(1,211,275)	992,972	(353,203)	444,567	613,618	608,605	83,475	936,679
Net assets (deficit), end of the year	\$ 13,278,721	\$ (1,419,531)	\$ 952,190	\$ (388,473)	\$ 531,354	\$ 411,731	\$ 20,125	\$ -	\$ 865,731

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Big Cypress	AMikids Bennettsville	AMikids Sand Hills	AMikids White Pines	AMikids Alexandria	AMikids Polk	AMikids Donaldsonville	AMikids Crossroads	AMikids Miami Dade
Public Support and revenue:									
State support:									
Florida	\$ 1,119,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,461	\$ 1,384,205
South Carolina	-	1,242,911	1,254,886	1,237,632	-	-	-	-	-
Louisiana	-	-	-	-	152	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	506,477	104,081	93,190	109,001	385	-	10,566	152,860	107,541
Regional Funds	216,885	-	1,115	331	17,170	118	165,523	407,066	746,437
Contributions	82,250	86,954	137,094	77,385	19,545	9,890	5,974	113,894	193,407
Total Public Support	<u>1,925,387</u>	<u>1,433,946</u>	<u>1,486,285</u>	<u>1,424,349</u>	<u>37,252</u>	<u>10,008</u>	<u>182,063</u>	<u>833,281</u>	<u>2,431,590</u>
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	12	-	1	2	-	2	-	33,858	48
Other	9,071	16,062	8,642	12,018	423,017	7,086	677,399	264	8,506
Total revenue	<u>9,083</u>	<u>16,062</u>	<u>8,643</u>	<u>12,020</u>	<u>423,017</u>	<u>7,088</u>	<u>677,399</u>	<u>34,122</u>	<u>8,554</u>
Total public support and revenues	<u>1,934,470</u>	<u>1,450,008</u>	<u>1,494,928</u>	<u>1,436,369</u>	<u>460,269</u>	<u>17,096</u>	<u>859,462</u>	<u>867,403</u>	<u>2,440,144</u>
Expenses									
Program Services	1,986,059	1,637,781	1,562,351	1,523,047	196,757	4,864	364,721	1,264,117	2,688,093
Management and general	81,706	22,635	24,863	18,579	22,130	24,789	31,038	95,770	64,727
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	<u>2,067,765</u>	<u>1,660,416</u>	<u>1,587,214</u>	<u>1,541,626</u>	<u>218,887</u>	<u>29,653</u>	<u>395,759</u>	<u>1,359,887</u>	<u>2,752,820</u>
Change in net assets	(133,295)	(210,408)	(92,286)	(105,257)	241,382	(12,557)	463,703	(492,484)	(312,676)
Net assets (deficit), beginning of the year	(215,386)	(465,616)	(1,187)	(69,033)	(241,382)	12,557	(463,616)	899,187	619,205
Net assets (deficit), end of the year	<u>\$ (348,681)</u>	<u>\$ (676,024)</u>	<u>\$ (93,473)</u>	<u>\$ (174,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 406,703</u>	<u>\$ 306,529</u>

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Emerald Coast	AMikids Pensacola	AMikids Last Chance Ranch	AMikids Greater Ft. Lauderdale	AMikids Georgia	AMikids Georgetown	AMikids Manatee County	AMikids Sarasota County	Infinity Schools, Inc.
Public Support and revenue:									
State support:									
Florida	\$ 360,627	\$ 764,777	\$ 467,721	\$ 685,457	\$ -	\$ -	\$ -	\$ -	\$ -
South Carolina	-	-	-	-	-	1,116,403	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	48,108	52,672	85,238	78,534	-	97,247	-	15,211	-
Regional Funds	191,976	325,008	51,985	356,246	-	807	291	73,851	325,980
Contributions	96,779	165,790	20,493	39,543	3,304	24,720	4,360	12,777	13,510
Total Public Support	697,490	1,308,247	625,437	1,159,780	3,304	1,239,177	4,651	101,839	339,490
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	26	2,113	5	1,649	20	626	5	558	32
Other	7,611	80	285,336	2,451	-	90,879	99,408	-	-
Total revenue	7,637	2,193	285,341	4,100	20	91,505	99,413	558	32
Total public support and revenues	705,127	1,310,440	910,778	1,163,880	3,324	1,330,682	104,064	102,397	339,522
Expenses									
Program Services	689,329	1,277,404	882,581	1,422,879	-	1,346,721	32,296	218,652	414,312
Management and general	35,357	55,488	137,020	34,095	-	21,641	563,326	103,652	54,369
Fundraising	-	-	-	-	32,881	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	724,686	1,332,892	1,019,601	1,456,974	32,881	1,368,362	595,622	322,304	468,681
Change in net assets	(19,559)	(22,452)	(108,823)	(293,094)	(29,557)	(37,680)	(491,558)	(219,907)	(129,159)
Net assets (deficit), beginning of the year	(80,230)	389,898	116,857	497,725	265,412	542,195	479,790	281,910	149,313
Net assets (deficit), end of the year	\$ (99,789)	\$ 367,446	\$ 8,034	\$ 204,631	\$ 235,855	\$ 504,515	\$ (11,768)	\$ 62,003	\$ 20,154

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Georgia Properties	AMikids Infinity Chicago	AMikids Infinity Wake County	AMikids New Mexico Properties	AMikids Infinity Marlboro	AMikids Lafayette	AMikids North Carolina Family Services	AMikids Jacksonville	AMikids Jefferson
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574,611	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	1,248,989	-	-
Federal Support	-	(1,994)	-	-	-	-	-	28,229	15,187
Regional Funds	-	-	427,860	-	400,000	153,335	-	186,427	157,161
Contributions	-	3,140	535	-	47,465	-	2,200	230,045	230,945
Total Public Support	-	1,146	428,395	-	447,465	153,335	1,251,189	1,019,312	403,293
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	10	16	27	3,158	14	-	-	366	-
Other	22,500	21,765	-	-	12,707	-	13	228	1,555,296
Total revenue	22,510	21,781	27	3,158	12,721	-	13	594	1,555,296
Total public support and revenues	22,510	22,927	428,422	3,158	460,186	153,335	1,251,202	1,019,906	1,958,589
Expenses									
Program Services	121,690	25,081	422,885	2,457	447,179	102,730	1,232,999	1,036,389	773,933
Management and general	399	9,526	71,315	354	66,700	24,650	18,312	35,620	254,043
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	122,089	34,607	494,200	2,811	513,879	127,380	1,251,311	1,072,009	1,027,976
Change in net assets	(99,579)	(11,680)	(65,778)	347	(53,693)	25,955	(109)	(52,103)	930,613
Net assets (deficit), beginning of the year	2,664,396	11,680	70,116	755,375	24,692	-	357,383	509,494	(888,883)
Net assets (deficit), end of the year	\$ 2,564,817	\$ -	\$ 4,338	\$ 755,722	\$ (29,001)	\$ 25,955	\$ 357,274	\$ 457,391	\$ 41,730

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Graduate School	AMikids Middle Georgia	South Carolina Wilderness Institute	AMikids Pasco	AMikids Norfolk	AMikids Northeast Louisiana	AMikids Orlando	AMikids Palm Beach	AMikids Panama City Marine Institute
Public Support and revenue:									
State support:									
Florida	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,375	\$ -	\$ 657,914
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	164,726	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	-	10,853	-	33,643	6,985	4,061	34,345	3,087	76,206
Regional Funds	-	128,474	-	141,322	97,188	-	334,900	-	688,437
Contributions	300	328	-	283,853	4,762	535	90,545	2,454	73,002
Total Public Support	300	304,381	-	458,818	108,935	4,596	836,165	5,541	1,495,559
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	30	1,520	-	1,426	13	9	71	8	2
Other	-	5,500	-	-	897,476	4,700	4,590	788,718	66,811
Total revenue	30	7,020	-	1,426	897,489	4,709	4,661	788,726	66,813
Total public support and revenues	330	311,401	-	460,244	1,006,424	9,305	840,826	794,267	1,562,372
Expenses									
Program Services	397,000	782,389	-	572,048	330,427	221,781	892,145	61,250	1,468,265
Management and general	3,494	203,642	614	65,154	66,386	44,961	36,341	743,620	369,961
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	400,494	986,031	614	637,202	396,813	266,742	928,486	804,870	1,838,226
Change in net assets	(400,164)	(674,630)	(614)	(176,958)	609,611	(257,437)	(87,660)	(10,603)	(275,854)
Net assets (deficit), beginning of the year	400,164	841,987	295,997	422,833	(609,611)	302,468	97,377	10,603	321,803
Net assets (deficit), end of the year	\$ -	\$ 167,357	\$ 295,383	\$ 245,875	\$ -	\$ 45,031	\$ 9,717	\$ -	\$ 45,949

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AMikids, Inc. and Affiliates
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Schedule II

	AMikids Piedmont	AMikids Pinellas	AMikids Peninsula	AMikids Red River	AMikids Rio Grande Valley	AMikids Sandoval	AMikids Savannah River	AMikids Louisiana Properties	AMikids Southwest Florida
Public Support and revenue:									
State support:									
Florida	\$ -	\$ 334,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570,681
South Carolina	1,116,402	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	705,977	-	-
Texas	-	-	-	-	454,891	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	67,353	29,674	-	48,235	53,486	2,818,962	12,906	-	29,140
Regional Funds	3,500	144,282	-	348,016	227,037	-	-	-	270,273
Contributions	28,287	119,860	-	69,279	21,268	24,799	105,183	5,163	87,472
Total Public Support	1,215,542	628,535	-	465,530	756,682	2,843,761	824,066	5,163	957,566
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	3	128	-	54	1	-	123	10,636	(20,285)
Other	9,528	27,884	211,600	2,440	5,024	115	19,642	324,288	178
Total revenue	9,531	28,012	211,600	2,494	5,025	115	19,765	334,924	(20,107)
Total public support and revenues	1,225,073	656,547	211,600	468,024	761,707	2,843,876	843,831	340,087	937,459
Expenses									
Program Services	1,184,328	834,780	-	965,368	1,015,324	2,392,989	1,616,950	243,172	1,047,598
Management and general	24,704	35,022	194,454	98,993	56,454	39,244	20,244	109,354	28,393
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	1,209,032	869,802	194,454	1,064,361	1,071,778	2,432,233	1,637,194	352,526	1,075,991
Change in net assets	16,041	(213,255)	17,146	(596,337)	(310,071)	411,643	(793,363)	(12,439)	(138,532)
Net assets (deficit), beginning of the year	152,992	327,833	(17,312)	406,248	(1,033,693)	(669,761)	340,672	1,176,840	556,178
Net assets (deficit), end of the year	\$ 169,033	\$ 114,578	\$ (166)	\$ (190,089)	\$ (1,343,764)	\$ (258,118)	\$ (452,691)	\$ 1,164,401	\$ 417,646

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Schedule II

	AMikids Southwest Louisiana	AMikids Space Coast	AMikids Tallahassee	AMikids Tampa	AMikids Volusia	AMikids Virginia Wilderness	AMikids West Florida	AMikids WINGS South Florida	AMikids WINGS Texas
Public Support and revenue:									
State support:									
Florida	\$ -	\$ 1,009,815	\$ 588,209	\$ 313,486	\$ 617,281	\$ -	\$ -	\$ 1,001,216	\$ -
South Carolina	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-
Federal Support	51,732	60,111	55,743	25,168	39,496	557,498	65,170	198,050	-
Regional Funds	414,669	242,495	165,567	98,060	183,798	1,336,624	271,189	713	-
Contributions	16,155	76,899	57,354	103,582	18,074	20,907	7,984	26,352	-
Total Public Support	482,556	1,389,320	866,873	540,296	858,649	1,915,029	344,343	1,226,331	-
Revenue									
Boat Program	-	-	-	-	-	-	-	-	-
Investment income	29	174	-	-	-	2	1	21	-
Other	651,020	126,592	21,915	38,017	-	1,501	1,396,818	2,376,931	7,600
Total revenue	651,049	126,766	21,915	38,017	-	1,503	1,396,819	2,376,952	7,600
Total public support and revenues	1,133,605	1,516,086	888,788	578,313	858,649	1,916,532	1,741,162	3,603,283	7,600
Expenses									
Program Services	722,022	1,456,157	966,536	773,341	846,380	1,532,093	895,509	1,836,213	3,034
Management and general	88,413	37,897	43,119	35,718	28,373	317,889	83,561	68,717	38,680
Fundraising	-	-	-	-	-	-	-	-	-
Boat Program	-	-	-	-	-	-	-	-	-
Total expenses	810,435	1,494,054	1,009,655	809,059	874,753	1,849,982	979,070	1,904,930	41,714
Change in net assets	323,170	22,032	(120,867)	(230,746)	(16,104)	66,550	762,092	1,698,353	(34,114)
Net assets (deficit), beginning of the year	(348,574)	1,160,421	285,750	356,700	56,948	674,875	(706,292)	(1,668,859)	(23,172)
Net assets (deficit), end of the year	\$ (25,404)	\$ 1,182,453	\$ 164,883	\$ 125,954	\$ 40,844	\$ 741,425	\$ 55,800	\$ 29,494	\$ (57,286)

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Schedule II

	AMikids Y.E.S.	Total	Eliminations	Total
Public Support and revenue:				
State support:				
Florida	\$ 933,757	\$ 15,258,444	\$ -	\$ 15,258,444
South Carolina	-	8,217,969	-	8,217,969
Louisiana	-	1,569,156	-	1,569,156
Georgia	-	1,298,359	-	1,298,359
Texas	-	535,166	-	535,166
North Carolina	-	1,469,399	-	1,469,399
Federal Support	471,598	7,209,016	-	7,209,016
Regional Funds	160,899	10,423,154	-	10,423,154
Contributions	32,221	5,652,220	(1,769,305)	3,882,915
Total Public Support	<u>1,598,475</u>	<u>51,632,883</u>	<u>(1,769,305)</u>	<u>49,863,578</u>
Revenue				
Boat Program	-	4,763,821	-	4,763,821
Investment income	69,811	591,733	(299,505)	292,228
Other	-	13,326,995	(11,638,136)	1,688,859
Total revenue	<u>69,811</u>	<u>18,682,549</u>	<u>(11,937,641)</u>	<u>6,744,908</u>
Total public support and revenues	<u>1,668,286</u>	<u>70,315,432</u>	<u>(13,706,946)</u>	<u>56,608,486</u>
Expenses				
Program Services	1,623,833	53,800,086	(2,143,792)	51,656,294
Management and general	81,100	21,823,015	(11,797,887)	10,025,128
Fundraising	-	600,393	(278,620)	321,773
Boat Program	-	4,243,321	-	4,243,321
Total expenses	<u>1,704,933</u>	<u>80,466,815</u>	<u>(14,220,299)</u>	<u>66,246,516</u>
Change in net assets	(36,647)	(10,151,383)	513,353	(9,638,030)
Net assets (deficit), beginning of the year	762,988	32,708,035	1,084,015	33,792,050
Net assets (deficit), end of the year	<u>\$ 726,341</u>	<u>\$ 22,556,652</u>	<u>\$ 1,597,368</u>	<u>\$ 24,154,020</u>

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Public Support and Revenue Information

For the Year Ended June 30, 2013

	<u>State</u>	<u>School Districts</u>	<u>Federal Support</u>	<u>United Way</u>	<u>Other Local Grants</u>	<u>Contributions</u>	<u>Boat Program</u>	<u>Other</u>	<u>Combined Support & Revenue</u>
Florida	\$ 15,258,444	\$ 4,580,449	\$ 2,383,321	\$ 368,638	\$ 807,160	\$ 4,067,292	\$ 4,763,821	\$ 3,500,878	\$ 35,730,003
Georgia	1,298,359	245,699	36,874	-	-	109,737	-	50,804	1,741,473
Illinois	-	-	(1,994)	-	-	3,140	-	10,064	11,210
Louisiana	1,569,156	1,725,432	319,030	69,500	104,338	865,556	-	363,760	5,016,772
New Mexico	-	-	3,307,957	-	-	24,799	-	3,273	3,336,029
North Carolina	1,469,399	427,860	-	-	-	2,735	-	40	1,900,034
South Carolina	8,217,969	400,000	545,859	33,228	-	532,024	-	200,934	9,930,014
Texas	535,166	-	53,486	-	227,037	21,268	-	12,625	849,582
Virginia	-	-	564,483	-	1,433,813	25,669	-	121,186	2,145,151
	<u>28,348,493</u>	<u>7,379,440</u>	<u>7,209,016</u>	<u>471,366</u>	<u>2,572,348</u>	<u>5,652,220</u>	<u>4,763,821</u>	<u>4,263,564</u>	<u>60,660,268</u>
Less Intercompany Revenue ¹	-	-	-	-	-	(1,769,305)	-	(2,282,477)	(4,051,782)
Total Public Support & Revenue	<u>\$ 28,348,493</u>	<u>\$ 7,379,440</u>	<u>\$ 7,209,016</u>	<u>\$ 471,366</u>	<u>\$ 2,572,348</u>	<u>\$ 3,882,915</u>	<u>\$ 4,763,821</u>	<u>\$ 1,981,087</u>	<u>\$ 56,608,486</u>

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 & Revenue</u>
Florida	\$ 20,097,838	\$ 6,987,129	\$ 3,647,273	\$ 474,895	\$ 233,747	\$ 2,291,164	\$ 5,318,166	\$ 2,105,544	\$ 41,155,756
Georgia	5,717,303	495,071	169,993	-	-	193,666	-	38,408	6,614,441
Illinois	-	1,024,393	20,600	-	-	11,973	-	132	1,057,098
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>2,704,409</u>	<u>76,630,761</u>
Less Intercompany Revenue ²	-	-	-	-	-	(1,944,625)	-	(1,844,331)	(3,788,956)
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>\$ 860,078</u>	<u>\$ 72,841,805</u>

¹Excludes AMIkids Inc closure gains and affiliate debt forgiveness of \$.9 million and \$8.7 million, respectively, which are eliminated within the Other category²Excludes affiliate debt forgiveness of \$1.8 million, which are eliminated within the Other category

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, 2013

<u>Federal Agency/ Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Contract Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u> (passed through Florida, Louisiana and New Mexico Departments of Education):			
School Breakfast Program	10.553	01-0233 (Florida)	\$ 158,552
School Breakfast Program	10.553	09-SFS-007 (Louisiana)	19,277
School Breakfast Program	10.553	11008 (New Mexico)	14,927
			<u>192,756</u>
National School Lunch Program	10.555	01-0233 (Florida)	392,452
National School Lunch Program	10.555	09-SFS-007 (Louisiana)	36,112
National School Lunch Program	10.555	11008 (New Mexico)	33,062
			<u>461,626</u>
Total – Child Nutrition Cluster			<u>654,382</u>
<u>U.S. Department of Justice/Federal Bureau of Prisons</u>			
Non-Secure Residential Male Juvenile Services/Mental Health Services	16.DJB200028	DJB200028	<u>3,259,968</u>
Total Expenditures of Federal Awards			<u>\$ 3,914,350</u>
<u>State Agency/State Project</u>	<u>CSFA Number</u>	<u>Contract #</u>	
<u>Florida Department of Juvenile Justice:</u>			
Delinquency Non-secure Residential Services	80.016	10079, K8H03, R2003, R2014, R2055, R2098, R2119	\$ 5,061,060
Delinquency Secure Residential Contracted Facilities	80.017	S9G01	570,711
Day Treatment Services	80.021	P2106, P2107, P2118, P2119, P2121, X1701, X1705	<u>9,626,673</u>
Total Florida Department of Juvenile Justice			<u>15,258,444</u>
<u>Florida Atlantic University</u>			
Experiential Education Curriculum – FAU/AMI	Not Applicable	Not Applicable	<u>1,425,000</u>
Total Expenditures of State Financial Assistance – Florida			<u>\$16,683,444</u>
<u>Texas Juvenile Justice Department:</u>			
Residential Services	Not Applicable	RS05453	<u>\$ 535,166</u>
Total Expenditures of State Financial Assistance – Texas			<u>\$ 535,166</u>

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, 2013. 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AMikids, Inc. and its subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered AMikids, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether AMikids, Inc.'s consolidated 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 17, 2013



Independent Auditor's Report on Compliance for Each Major Federal Program and State Project, and Report on Internal Control Over Compliance

Board of Trustees
AMikids, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited AMikids, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *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 AMikids, Inc.'s major federal programs and state projects for the year ended June 30, 2013. AMikids, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

AMikids, Inc. and Affiliates' combined financial statements include the operations of over fifty affiliated legal entities (the "Institutes"), whom received \$646,341 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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of AMikids, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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 State of Texas Single Audit Circular. Those standards, OMB Circular A-133 and regulations in the States of Florida and Texas require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about AMikids, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of AMikids, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, AMikids, Inc. complied, in all material respects, with the types of 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, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133, State of Florida, Chapter 10.650 and State of Texas Single Audit Circular. Our opinion on each major federal program and state project is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of AMIkids, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AMIkids, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or state project and to test and report on internal control over compliance in accordance with OMB Circular A-133, State of Florida, Chapter 10.650 and State of Texas Single Audit Circular but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AMIkids, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, State of Florida, Chapter 10.650 and State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Cross, Fernandez & Riley, LLP

Certified Public Accountants

Tampa, Florida
September 17, 2013

AMikids, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Year ended June 30, 2013

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:

Federal CFDA Number
16.DJB200028

Name of Federal Program
Non-secure Residential Male Juvenile Services/Mental Health Services

State of Florida CSFA Number
80.017
80.021
Not Applicable

Name of State Project
Delinquency Secure Residential Contracted Facilities
Day Treatment Services
Experiential Education Curriculum – FAU/AMI

State of Texas Grant Number
RS05453

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>\$500,503</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.