

AMIkids, Inc. and Affiliates

COMBINED FINANCIAL STATEMENTS AND SCHEDULES

Year ended June 30, 2020
(With comparative information for 2019)



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AMikids, Inc. and Affiliates
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With comparative financial information for June 30, 2019

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REPORT

INDEPENDENT AUDITORS' REPORT

Board of Trustees
AMIkids, Inc.

Report on the Financial Statements

We have audited the accompanying combined financial statements of AMIkids, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of AMIkids, Inc. and Affiliates as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combined financial statements or to the 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 combined financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules, as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combined financial statements or to the 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 combined 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 24, 2020 on our consideration of AMIkids, Inc. and Affiliates' 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 AMIkids Inc. and Affiliates' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the AMIkids, Inc. and Affiliates' 2019 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated October 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
September 24, 2020



FINANCIAL STATEMENTS

AMikids, Inc. and Affiliates
Combined Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Cash and cash equivalents	\$ 16,062,645	\$ 11,785,972
Investments	5,793,658	7,954,972
Accounts receivable:		
Funding agencies	4,529,796	6,094,950
Other	510,600	225,546
Contributions receivable	338,071	40,000
Prepaid expenses and other assets	1,667,004	1,591,547
Assets held for sale	263,626	371,199
Boat inventory	9,196,614	2,948,413
Boats under lease	13,890,033	13,037,387
Beneficial interest in assets held by others	1,031,636	661,963
Property and equipment, net	13,395,651	11,774,032
Total assets	\$ 66,679,334	\$ 56,485,981
Liabilities and Net Assets		
Liabilities:		
Lines of credit	\$ 4,850,000	\$ 3,850,000
Accounts payable	2,947,636	2,987,815
Accrued expenses	8,013,337	7,503,314
Accrued pension	2,083,794	2,097,934
Deferred revenues	5,494,068	3,460,962
Security deposits	3,347,925	3,072,000
Obligations under capital lease	651,482	61,191
Notes payable	3,175,506	3,234,106
Total liabilities	30,563,748	26,267,322
Net assets:		
Without donor restrictions		
Undesignated	32,668,271	27,643,552
Board designated endowment fund	-	103,896
With donor restrictions	3,447,315	2,471,211
Total net assets	36,115,586	30,218,659
Total liabilities and net assets	\$ 66,679,334	\$ 56,485,981

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

AMikids, Inc. and Affiliates Combined Statements of Activities

<i>For the years ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Summarized Total
Public support and revenue				
State support:				
Florida	\$ 17,514,538	\$ -	\$ 17,514,538	\$ 23,814,414
South Carolina	10,044,490	-	10,044,490	10,044,490
Louisiana	3,035,815	-	3,035,815	3,092,145
Texas	502,661	-	502,661	447,528
North Carolina	2,877,600	-	2,877,600	2,877,600
Missouri	-	-	-	699,817
Virginia	702,920	-	702,920	638,753
Alabama	332,311	-	332,311	228,571
Georgia	1,447,810	-	1,447,810	1,181,298
Federal support	4,095,950	-	4,095,950	3,406,975
Regional support	7,662,540	-	7,662,540	8,299,055
Contributions	2,063,436	2,580,995	4,644,431	3,457,271
Total public support	50,280,071	2,580,995	52,861,066	58,187,917
Revenue:				
Boat program (Note 1)	22,352,870	-	22,352,870	10,696,768
Investment income	332,882	(40,242)	292,640	427,815
Other	656,035	-	656,035	2,426,328
Total revenue	23,341,787	(40,242)	23,301,545	13,550,911
Net assets released from restrictions	1,564,649	(1,564,649)	-	-
Total public support and revenue	75,186,507	976,104	76,162,611	71,738,828
Expenses				
Program services	49,249,836	-	49,249,836	55,132,733
Boat program	14,560,809	-	14,560,809	9,813,197
Management and general	5,920,461	-	5,920,461	5,596,230
Fundraising	534,578	-	534,578	569,885
Total expenses	70,265,684	-	70,265,684	71,112,045
Change in net assets	4,920,823	976,104	5,896,927	626,783
Net assets, beginning of year	27,747,448	2,471,211	30,218,659	29,591,876
Net assets, end of year	\$ 32,668,271	\$ 3,447,315	\$ 36,115,586	\$ 30,218,659

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

AMikids, Inc. and Affiliates Combined Statements of Functional Expenses

<i>For the years ended June 30,</i>	Program Services					Supporting Services				2020 Total	2019 Summarized Total
	Juvenile Justice	Education	Child Welfare	Other	Programs subtotal	Boat Program	Management and General	Fundraising	Support Services subtotal		
Salaries	\$ 22,379,228	\$ 3,824,132	\$ 1,827,450	\$ -	\$ 28,030,810	\$ 748,577	\$ 2,306,322	\$ 311,683	\$ 3,366,582	\$ 31,397,392	\$ 33,909,166
Employee benefits and payroll taxes	5,651,867	925,858	408,936	-	6,986,661	155,110	688,074	51,834	895,018	7,881,679	8,096,291
Other staff expenses	183,137	52,180	9,159	84	244,560	626	64,711	-	65,337	309,897	372,040
Commissions	-	-	-	-	-	3,436,957	-	-	3,436,957	3,436,957	1,454,667
Travel	489,455	75,669	3,958	-	569,082	69,606	47,245	32,264	149,115	718,197	1,172,036
Conferences and training	519,011	56,995	20,556	-	596,562	1,709	29,637	3,992	35,338	631,900	1,027,887
Office and other supplies	830,869	134,782	41,727	-	1,007,378	39,461	544,472	8,104	592,037	1,599,415	1,611,529
Rent and utilities	1,467,484	189,204	394,956	-	2,051,644	11,129	75,077	-	86,206	2,137,850	2,185,790
Insurance	1,535,691	393,579	156,641	-	2,085,911	277,953	207,565	-	485,518	2,571,429	2,606,582
Professional fees	1,138,956	2,310	70	-	1,141,336	351,732	1,095,120	122,357	1,569,209	2,710,545	2,835,383
Student supplies and training	2,395,676	365,811	218,642	-	2,980,129	-	7,008	-	7,008	2,987,137	3,858,908
Community development	126,115	24,664	622	-	151,401	7,064	504,769	2,847	514,680	666,081	638,039
Equipment and maintenance	1,313,784	316,180	174,818	-	1,804,782	2,309,598	127,580	966	2,438,144	4,242,926	4,609,195
Interest	41,381	9,014	19,303	1,073	70,771	196,927	184,831	-	381,758	452,529	460,202
Depreciation and amortization	905,683	212,389	37,762	222,296	1,378,130	136,180	38,050	-	174,230	1,552,360	1,405,812
Amortization of boats on charter	-	-	-	-	-	2,984,608	-	-	2,984,608	2,984,608	2,535,959
Impairment and other expenses	24,536	58,379	14,672	53,092	150,679	700,212	-	531	700,743	851,422	642,175
Costs of sales	-	-	-	-	-	3,133,360	-	-	3,133,360	3,133,360	1,690,384
Total Expenses	\$ 39,002,873	\$ 6,641,146	\$ 3,329,272	\$ 276,545	\$ 49,249,836	\$ 14,560,809	\$ 5,920,461	\$ 534,578	\$ 21,015,848	\$ 70,265,684	\$ 71,112,045

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

AMikids, Inc. and Affiliates Combined Statements of Cash Flows

<i>For the years ended June 30,</i>	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 5,896,927	\$ 626,783
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	4,536,968	3,941,771
Net loss on disposal/impairment of property and equipment and assets held for sale	2,019,833	184,606
Donated boat inventory	(14,410,182)	(5,421,553)
Donated property and equipment	(39,071)	(5,097)
Realized and unrealized gains on investments	(113,095)	(215,675)
(Increase) decrease in:		
Accounts receivable	1,280,100	(359,449)
Contributions receivable	(298,071)	-
Prepaid expenses and other assets	667,253	(123,640)
Assets held for sale	-	25,000
Boats under lease	1,918,596	1,376,642
Increase (decrease) in:		
Accounts payable	(40,179)	518,925
Accrued expenses	510,023	(567,028)
Accrued pension	(14,140)	142,586
Deferred revenues	2,033,106	1,606,619
Security deposits	275,925	608,610
Net cash and cash equivalents provided by operating activities	4,223,993	2,339,100
Cash flows from investing activities:		
Purchases of property and equipment	(1,996,225)	(1,319,142)
Proceeds from sale of property and equipment and assets held for sale	111,580	13,193
Proceeds from sale of investments	2,992,741	4,309,333
Purchases of investments	(1,088,005)	(5,732,271)
Net cash and cash equivalents used in investing activities	20,091	(2,728,887)
Cash flows from financing activities:		
Net borrowings (repayments) on lines of credit	1,000,000	900,000
Proceeds from new borrowings from third parties	-	130,000
Payments on notes payable	(801,310)	(369,986)
Payments on capital lease obligations	(166,101)	(26,410)
Net cash and cash equivalents provided by financing activities	32,589	633,604
Net increase in cash and cash equivalents	4,276,673	243,817
Cash and cash equivalents at beginning of year	11,785,972	11,542,155
Cash and cash equivalents at end of year	\$ 16,062,645	\$ 11,785,972
Cash paid for interest	\$ 452,529	\$ 460,203
Supplemental disclosure of noncash investing and financing activities:		
Capital lease obligation incurred for use of equipment	\$ 756,392	\$ 12,810
Insurance premium financing	\$ 742,710	\$ -

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

AMIkids, Inc. and Affiliates

Notes to Combined Financial Statements

NOTE 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 troubled youth by providing education, treatment and behavior modification as components of the AMIkids Personal Growth Model[®]. These services are performed by AMIkids through over forty affiliated, but independently governed member institutes and schools located in Alabama, Florida, Georgia, Louisiana, New Mexico, North Carolina, South Carolina, Texas and Virginia. The educational component of AMIkids, Inc. and the affiliated institutes and schools is accredited by Cognia, a global accrediting agency dedicated to advancing excellence in schools, universities, and educational agencies. AMIkids’ operating funds are primarily generated from state and federal contracts. AMIkids, Inc. executes the majority of contracts, collects funds, coordinates the operations, and manages the recordkeeping of these member institutes and schools.

As part of the combined group, 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.

Basis of Presentation

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

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 Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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 could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, fair value of investments and net realizable value of boat inventory.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and highly liquid investments with original maturities of three months or less.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others consist of funds held by the Community Foundation of Tampa Bay, Southwest Florida Community Foundation and the Manatee Community Foundation (“Community Foundations”), unrelated organizations. The Community Foundations are an external investment pool, where the Organization has a beneficial interest in the investment pool and no individual securities. The Organization has no control over investment pricing or investment selection within the investment pool.

Accounts Receivable

Accounts receivable consists primarily of receivables from federal and state agencies and county school boards. AMIkids reviews outstanding receivables for collectability based on historical payment history from the payer and any known circumstances casting doubt over the collectability of accounts and reserves for amounts considered to be uncollectible. AMIkids considers accounts receivable to be fully collectible and therefore no material allowance has been recorded. Amounts becoming uncollectible will be charged against the allowance for doubtful accounts when that determination is made.

Contributions Receivable

Unconditional promises to give the Organization in cash or other assets in the future are recorded as promises to give revenue (with donor restriction) and contributions receivable. If management expects the cash from the contribution receivable to be received more than one year in the future, the promises to give revenue and receivable are discounted for the time value of money (i.e., net present value) at a discount rate of 4.5% for 2020. Management estimates the allowance for uncollectible promises based on historical write-offs. Management writes off contributions receivable as identified.

In accordance with ASC 958-605-30-5 the pledges are reported at net realizable value in the initial year and a discount is recorded. These pledges are not revalued in subsequent years and the Institute has not elected the fair value option under ASC 825-10. The discount amortization is recognized as contribution revenue in subsequent years.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Boat Inventory

Boat inventory represents boats held for lease which are valued at fair value less estimated selling expenses at the time of the donation. Boat inventory is recorded at net realizable value, as of June 30, 2020 and 2019, and was \$9,196,614 and \$2,948,413, respectively. Net realizable value is estimated based on third party appraisals, broker valuations, management's experience with the boat charter industry and estimated selling expenses are based on management's historical relationship with brokers. Net realizable values are reviewed quarterly by management and are reduced for impairment when necessary. Adjustments to net realizable values 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.

Boats under Lease

AMIkids leases its boats to third parties under operating leases for periods of up to three years. 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 lease payments applied to the purchase price. Revenues are recognized as received except for security deposits, the option fee, and short-term lease payments, and an additional payment made for the one year period commencing on the lease commencement date. Security deposits are recorded as a liability and are recognized as revenue if and when the purchase option is exercised. The option fee and short-term lease payments are amortized over the life of the lease. 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. Direct costs are deferred and amortized over the life of the lease.

Future minimum lease payments due under operating leases during fiscal years 2021, 2022 and 2023 are approximately \$2,301,000, \$1,528,000 and \$480,000, respectively. At June 30, 2020 and 2019, the unexercised purchase options were approximately \$6,473,000 and \$5,939,000, respectively. The gross value and accumulated amortization on leased property as of June 30, 2020 was \$16,785,210 and \$2,895,177, respectively. The net leased property of \$13,890,033 includes \$833,451 of unamortized commission. The gross value and accumulated amortization on leased property as of June 30, 2019 was approximately \$16,497,000 and \$4,235,000, respectively. The net leased property of approximately \$13,037,000 includes \$776,000 of unamortized commission. Amortization of boats under lease amounted to approximately \$2,988,000 and \$2,536,000 for the years ended June 30, 2020 and 2019, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was approximately \$3,190,000 and \$1,686,000 for the years ended June 30, 2020 and 2019, respectively.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost if purchased or at estimated fair value at date of receipt if donated. Property and equipment transferred to 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, 2020 and 2019, the Organization intends to sell the following 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:

Institute	Property held for sale as of June 30,	2020	2019
Behavioral Health	Land	\$ 80,000	\$ 80,000
Gainesville	Land, buildings and improvements	63,626	63,626
Virginia Wilderness	Land, buildings and improvements	120,000	142,573
Pasco	Land and improvements	-	85,000
		\$ 263,626	\$ 371,199

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets and Assets Held for Sale

AMikids reviews all long-lived assets, which consist primarily of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows. Recoverability of assets held for sale is measured by a comparison of the assets carrying value to its fair value and any excess of its carrying value over fair value is recorded as impairment.

Deferred Revenue

Deferred revenue is related to grant, short-term boat lease payments, and boat option fees collected in advance of revenue recognition.

During 2020, twelve affiliates received loan proceeds in the amounts indicated below under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight to twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The affiliates intend to use the proceeds for purposes consistent with the PPP. While the affiliates currently believe that their use of the loan proceeds will meet the conditions for forgiveness of the loan, management has not determined that all conditions of the PPP have been substantially met as of June 30, 2020. As such, the PPP have been included in Deferred Revenues.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue (Continued)

PPP by affiliate as of June 30, 2020 is as follows:

Affiliate	Loan proceeds
AMIkids Acadiana, Inc.	\$ 316,500
AMIkids Alabama, Inc.	44,712
AMIkids Baton Rouge, Inc.	73,495
AMIkids Beaufort, Inc.	211,507
AMIkids Panama City, Inc.	113,724
AMIkids Pensacola, Inc.	371,765
AMIkids Rio Grande Valley, Inc.	126,622
AMIkids Sandoval, Inc.	182,540
AMIkids Savannah River, Inc.	183,157
AMIkids Space Coast, Inc.	360,795
AMIkids Tampa, Inc.	97,580
AMIkids YES, Inc.	403,862
Total loan proceeds	\$ 2,486,259

Use of Facilities

Facilities provided by a funding agency and other donors 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 \$425,000 and \$421,000 for the years ended June 30, 2020 and 2019, respectively, and are reflected as contribution 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 support represents amounts received from local sources, including county school boards and United Way agencies. Other revenue is primarily special fundraising events and gain on sale of property and equipment.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue (Continued)

A significant portion of AMIkids' contracts are exchange transactions in which each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and, as such, are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose.

Contributions received are measured at their fair values and are reported as increases in net assets. AMIkids reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2020 and 2019, donated services were approximately \$99,000 and \$107,000, respectively.

Functional Allocation of Expenses

The costs of providing the various services have been summarized on a functional basis between program services, and supporting services. Certain costs have been allocated among program services and supporting services. Salaries are allocated based on the time and effort expended between program and supporting services. Rent and Utilities and Equipment and Maintenance costs are allocated based on the ratio allocation of salaries between program and management and general.

Income Taxes

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.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the combined statement of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Reclassifications

Certain items relating to prepaid expenses and other assets, boat inventory, federal support and other revenue have been reclassified in the 2019 financial statements to agree to the current presentation. There was no impact on total revenue or total expenses.

Recent Accounting Pronouncements

In May 2014, the Financial Standards Accounting Board ("FASB") issued an accounting standard which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. Under the new guidance the policy is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The new standard defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting the new guidance recognized at the date of adoption. The new standard allows for early adoption for annual periods beginning after December 15, 2016. In July 2015, the FASB voted to defer the effective date of the new standard for all entities by one year, or for the Organization, annual periods beginning after December 15, 2018. In June 2020, the FASB voted to defer the effective date of the new standard for all entities by one year, or for the Organization, annual periods beginning after December 15, 2019.

The Organization is currently evaluating the impact of its pending adoption of the new revenue recognition standard on its combined financial statements and has not yet determined the method by which it will adopt the standard.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In February 2016, the FASB issued an accounting standard which requires the recognition of assets and liabilities arising from lease transactions on the balance sheet and the disclosure of additional information about leasing arrangements. Under the new guidance, for all leases, interest expense and amortization of the right to use asset will be recorded for leases determined to be financing leases and straight-line lease expense will be recorded for leases determined to be operating leases. Lessees will initially recognize assets for the right to use the leased assets and liabilities for the obligations created by those leases. The new accounting standard must be adopted using a modified retrospective approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The accounting standard is effective for the Organization beginning with the year ended June 30, 2021, with early adoption permitted. The Organization is currently in the process of assessing what impact this new standard may have on its combined financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 24, 2020. See Note 20 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

NOTE 2: COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended June 30, 2019, from which the summarized information was derived.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2020 are summarized as follows:

<u>Expected receipt of contribution in:</u>	
2021	\$ 194,571
2022	40,000
2023	40,000
2024	40,000
2025	40,000
<u>Gross contributions receivable</u>	<u>354,571</u>
<u>Less discount for present value</u>	<u>(16,500)</u>
<u>Net contributions receivable</u>	<u>\$ 338,071</u>

NOTE 4: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Board Designated Funds

During 2016, the Organization created a board designated donor-advised fund. The board designated fund was created with a contribution of \$283,770. The fund investments are under the direction of the Southwest Florida Community Foundation and will be for the benefit of qualified charitable organizations. The board designated funds are considered net assets without donor restrictions. The Organization has the ability to direct the Community Foundation as to distributions. The intent of the Organization is to direct all distributions to benefit the Organization.

During 2019, the Organization created a Non-Profit Organization Agency Fund. The fund was created with a contribution of \$75,000. The fund investments are under the direction of the Manatee Community Foundation and will be for the benefit of AMIkids Manatee, Inc. The agency funds are considered net assets without donor restrictions. The Organization has the ability to direct the Community Foundation as to distributions. The intent of the Organization is to distribute funds to AMIkids Manatee for its unrestricted use.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 4: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

Donor Restricted Funds

During 2016, the Organization created a board designated endowment fund with a donation of \$25,000 to the Southwest Florida Community Foundation. During 2018, the Organization received a \$30,000 restricted donation to the fund to be used for education services. The donor restricted fund is invested in the Southwest Florida Community Foundation. The fund investments are under the direction of the Community Foundation. The funds are considered net assets with donor restrictions. The Organization has the ability to direct the Community Foundation as to distributions. The intent of the Organization is to direct all distributions to educational services.

During 2020, the Organization created an AMIkids Endowment Fund. The fund was created with a contribution of \$400,000. The fund investments are under the direction of the Community Foundation of Tampa Bay and will be for the benefit of AMIkids Foundation, Inc. The fund investments are under the direction of the Community Foundation. The intent of this fund is to maintain the corpus and to make distributions from investment appreciation. The Organization has the ability to distribute all dividends and interest less investment fees for educational services.

The activity for the beneficial interest in assets held by others for the years ended June 30, 2020 and 2019 is the following:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2019			
Board designated funds	\$ 600,381	\$ -	\$ 600,381
Donor restricted funds	-	61,582	61,582
Total	\$ 600,381	\$ 61,582	\$ 661,963
June 30, 2020			
Board designated funds	\$ 592,488	\$ -	\$ 592,488
Donor restricted funds	-	439,148	439,148
Total	\$ 592,488	\$ 439,148	\$ 1,031,636
June 30, 2018			
	\$ 560,564	\$ 59,033	\$ 619,597
Net appreciation (realized and unrealized)	10,544	2,549	13,093
Contributions	105,522	-	105,522
Amounts appropriated for expenditure	(76,249)	-	(76,249)
June 30, 2019	\$ 600,381	\$ 61,582	\$ 661,963
Net appreciation (realized and unrealized)	(7,893)	(22,434)	(30,327)
Contributions	-	400,000	400,000
June 30, 2020	\$ 592,488	\$ 439,148	\$ 1,031,636

AMikids, Inc. and Affiliates Notes to Combined Financial Statements

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the organization has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Level 1 Fair Value Measurements:

Level 1 investments include certificates of deposits, pooled equity funds, pooled fixed income funds, equity securities and government securities valued based on quoted market prices.

Level 2 Fair Value Measurements:

Level 2 investments include money market funds valued based on quoted prices for identical or similar assets or liabilities in inactive markets.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

Level 3 Fair Value Measurements:

Level 3 assets consist of beneficial interest in assets held by others managed by a third-party unrelated organization. The beneficial interest in assets held by others are valued based on third-party pricing information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values. See activity of beneficial interest in assets held by others in Note 3.

The following tables present the fair value of the investments recorded at fair value on a recurring basis, segregated amount the appropriate levels within the fair value hierarchy for the years ended June 30, 2020 and 2019, respectively:

	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>June 30, 2020</i>				
Assets				
Investments				
Certificates of deposits	\$ 54,478	\$ 54,478	\$ -	\$ -
Pooled equity funds	2,085,398	2,085,398	-	-
Money market funds	502,013	-	502,013	-
Equity securities	324,038	324,038	-	-
Government securities	2,827,731	2,827,731	-	-
Total investments	5,793,658	5,291,645	502,013	-
Beneficial interest in assets held by others	1,031,636	-	-	1,031,636
Total	\$ 6,825,294	\$ 5,291,645	\$ 502,013	\$ 1,031,636

	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>June 30, 2019</i>				
Assets				
Investments				
Certificates of deposits	\$ 436,379	\$ 436,379	\$ -	\$ -
Pooled equity funds	2,203,630	2,203,630	-	-
Pooled fixed income funds	15,018	15,018	-	-
Government securities	5,299,945	5,299,945	-	-
Total investments	7,954,972	7,954,972	-	-
Beneficial interest in assets held by others	661,963	-	-	661,963
Total	\$ 8,616,935	\$ 7,954,972	\$ -	\$ 661,963

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2020, there were no significant transfers in or out of Levels 1, 2 or 3.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consist of:

	2020	2019
Land and permanent site improvements	\$ 3,210,976	\$ 3,183,787
Buildings and leasehold improvements	20,540,389	20,335,239
Furniture, fixtures and equipment	6,652,809	6,626,306
Motor vehicles	2,575,941	1,956,364
Boats, motors and trailers	1,590,245	1,291,390
Swimming pools	467,811	467,811
Software	2,280,516	2,280,516
Construction in progress	1,835,510	349,350
	39,154,197	36,490,763
Less accumulated depreciation and amortization	(25,758,546)	(24,716,731)
	\$ 13,395,651	\$ 11,774,032

Included in furniture, fixtures and equipment and motor vehicles are assets recorded under capital leases with a cost and accumulated depreciation of \$842,999 and \$204,239, respectively, at June 30, 2020 and \$125,445 and \$70,783 respectively, at June 30, 2019.

Certain of AMIkids' affiliated institutes and schools have purchased various assets with contract or grant 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

NOTE 7: LINES OF CREDIT

Lines of credit at June 30, 2020 and 2019 consist of:

<u>Entity</u>	<u>2020</u>	<u>2019</u>
AMIkids, Inc. Line of Credit, maximum principal amount of \$3,000,000, bearing variable interest at 2.4% above the SunTrust 30 Day LIBOR (interest rate at June 30, 2020 and 2019 was 2.60% and 4.90%, respectively), expiring February 9, 2021, collateralized by government receivables, with carrying value of approximately \$2,305,000.	\$ -	\$ -
AMIkids, Inc. Line of Credit, maximum principal amount of \$6,000,000, bearing variable interest at 2.4% above the SunTrust 30 Day LIBOR (interest rate at June 30, 2020 and 2019 was 2.60% and 4.90%, respectively), expiring February 9, 2021, collateralized by vessel inventory and lease receivables with carrying value of approximately \$13,056,000.	4,850,000	3,850,000
Space Coast Line of Credit, maximum principal amount of \$100,000, interest rate tied to the WSJ Prime Rate plus 1.500% (interest rate at June 30, 2020 and 2019 was 4.75% and 7.25%, respectively), expiring December 17, 2024, collateralized by real estate with carrying value of approximately \$391,000.	-	-
Beaufort Line of Credit, maximum available \$100,000, interest at 2.6% secured by separate security instruments of a donor, expiring December 18, 2020.	-	-
Total Borrowings on Lines of Credit	\$ 4,850,000	\$ 3,850,000

The AMIkids, Inc. lines of credit are cross-collateralized and are secured by the borrowing-base assets disclosed above as well as other assets of AMIkids, Inc.

At June 30, 2020 and 2019, the Organization had a borrowing capacity of \$9,200,000 under lines of credit subject to availability based on asset levels. The actual amount available based on assets levels as of June 30, 2020 and 2019 in excess of the amount utilized was approximately \$4,350,000 and \$5,350,000, respectively. The AMIkids, Inc. lines of credit contain restrictive financial covenants related to liquidity to modified debt ratio and the maintenance of minimum cash and marketable securities levels. The Organization was in compliance with these restrictive covenants as of and for the years ended June 30, 2020 and 2019.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 8: NOTES PAYABLE

Notes payable at June 30, 2020 and 2019 consists of:

Entity		2020	2019
AMIkids, Inc.	Mortgage payable bearing interest at 30 Day LIBOR index rate plus 2.05%; monthly installments of \$13,889 plus interest, due February 2023, collateralized by real properties in Pinellas and Hillsborough Counties, with carrying value of approximately \$395,000.	\$ 2,125,000	\$ 2,291,667
AMIkids, Inc.	Insurance premium financing bearing interest of 3.95%; monthly installments of \$74,271 plus interest; due October 2020	300,016	-
Jacksonville	Mortgage payable in monthly principal installments of \$3,927 plus interest of 4.15%, due March 2032, secured with real property, with carrying value of \$634,000, and guaranteed by AMIkids, Inc.	436,239	464,315
Panama City	Mortgage payable in monthly installments of \$3,410, including interest at 4.75% with balloon payment of approx. \$232,552, due January 2022, collateralized by land and buildings, with carrying value of \$268,700.	275,726	302,625
Pensacola	Mortgage payable due to board member in monthly installments of \$1,225 including interest at 2.5%, paid in full during 2020.	-	119,388
Tampa	Note payable in monthly installments of \$377, including interest at 6.33%, due December 2023, collateralized by vehicle with carrying value of approximately \$3,000.	13,872	17,397
Acadiana	Note payable in monthly installments of \$713, including interest at 9.94%, due January 2022, collateralized by vehicle, with carrying value of \$9,800.	12,480	19,412
Acadiana	Note payable in monthly installments of \$672, including interest at 5.84%, due January 2022, collateralized by vehicle, with carrying value of \$10,600.	12,173	19,302
Total Notes Payable		\$ 3,175,506	\$ 3,234,106

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 8: NOTES PAYABLE (Continued)

Principal payments on notes payable for years subsequent to June 30, 2020 are as follows:

Year ending June 30,		
2021	\$	543,671
2022		458,230
2023		1,828,065
2024		35,354
2025		34,914
Thereafter		275,272
	\$	3,175,506

NOTE 9: OBLIGATIONS UNDER CAPITAL LEASE

The Organization leases vehicles and office equipment, under various capital leases. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Organization's assets and liabilities.

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

<i>As of June 30,</i>	2020	2019
Furniture, fixtures and equipment	\$ 86,616	\$ 125,445
Motor vehicles	756,383	-
	842,999	125,445
Less: accumulated depreciation	(204,239)	(70,783)
	\$ 638,760	\$ 54,662

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 9: OBLIGATIONS UNDER CAPITAL LEASE (Continued)

Future minimum lease payments subsequent to June 30, 2020 are as follows:

Year ending June 30,		
2021	\$	233,028
2022		221,798
2023		217,536
2025		34,267
Total minimum lease payments		706,629
Less amounts representing interest		(55,147)
Present value of minimum lease payments	\$	651,482

NOTE 10: ACCRUED EXPENSES

Accrued expenses at June 30, 2020 and 2019 consist of:

	2020	2019
Workers compensation self-funded reserve	\$ 2,402,629	\$ 2,633,239
Vehicle and other self-funded reserve	909,260	844,750
Medical self-funded reserve	500,000	500,000
Accrued payroll	782,954	628,866
Accrued vacation	941,112	749,778
Accrued severance and unemployment	31,317	382,174
Accrued boat program payments	1,382,868	764,251
Other accruals	1,063,197	1,000,256
	\$ 8,013,337	\$ 7,503,314

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 11: RESTRICTIONS AND LIMITATIONS ON NET ASSETS

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	2020	2019
Education / Scholarship	\$ 1,184,845	\$ 817,474
Experiential Activities	321,282	243,788
Building / Equipment	409,741	378,450
Girls Initiative Program	428,086	428,085
Other	607,123	546,324
Endowment	496,238	57,090
	\$ 3,447,315	\$ 2,471,211

The income from the endowment funds is restricted to assist former students of AMIkids' programs with educational or employment-related expense.

Net assets were released from donor restrictions by occurrence of events specified by donors as follows for the years ended June 30, 2020 and 2019.

	2020	2019
Education / Scholarship	\$ 387,677	\$ 354,560
Experiential Activities	144,118	321,066
Building / Equipment	83,089	261,305
Other	949,765	846,438
	\$ 1,564,649	\$ 1,783,369

NOTE 12: ENDOWMENTS

The Organization's endowment consists of three individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 12: ENDOWMENTS (Continued)

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the State of Florida's Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual 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 retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at an average rate of 3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

AMikids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 12: ENDOWMENTS (Continued)

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020, funds with original gift values of \$400,000, fair values of \$380,553, and deficiencies of \$19,447 of which \$332,114 was reported in net assets with donor restrictions. During the year, the Organization did not appropriate any expenditure from underwater endowments. Management expects these amounts to be fully recovered during 2021 due to favorable market fluctuations.

Endowment net asset composition by type of fund follows:

<i>June 30,</i>	2020		2019	
Endowment funds with donor restrictions	\$	496,238	\$	57,090
Board-designated endowment funds without donor restrictions		-		103,896
Total endowment funds	\$	496,238	\$	160,986

Changes in endowment net assets follow:

<i>June 30,</i>	Without Donor		With Donor		2020		2019	
Endowment net assets -								
July 1,	\$	103,896	\$	57,090	\$	160,986	\$	158,437
Contributions		-		400,000		400,000		-
Investment income		-		(19,748)		(19,748)		2,549
Net asset transfer		(103,896)		58,896		(45,000)		-
Endowment net assets -								
June 30,	\$	-	\$	496,238	\$	496,238	\$	160,986

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

AMIkids, Inc. financial assets available within one year of the statement of financial position date for general expenditures are as follows:

As of June 30,	2020
Cash and cash equivalents	\$ 16,062,645
Accounts receivable	5,040,396
Investments	5,793,658
Beneficial Interest in Assets Held By Others	1,031,636
Total	27,928,335
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors	(3,447,315)
Deferred revenue	(383,422)
Collateral for insurance reserves	(4,808,235)
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 19,289,363

AMIkids, Inc. prepares an annual budget that is approved by the Board of Trustees for the upcoming year. The annual budget includes projected revenue based on current grants, contracts and contributions. Internally prepared financial statements comparing budget to actual results are reviewed by management on a monthly basis and cash flow is monitored daily.

Generally AMIkids, Inc. will have advance notice of grants and contracts terminating and will manage the reductions in cash flow by reducing expenditures and where necessary, by reducing staffing levels.

As part of AMIkids, Inc.'s liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations come due. In addition, AMIkids, Inc. invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, AMIkids, Inc. has committed lines of credit in the amount of \$9,200,000, which it could draw upon.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 14: CASUALTY GAIN

The Organization recorded a casualty gain resulting from Hurricane Michael. The Organization filed an insurance claim and recorded approximately \$450,000 and \$2,200,000 in insurance proceeds for the years ended June 30, 2020 and 2019, respectively, which is recorded in Revenue, Other in the combined statement of activities; approximately \$-0- and \$700,000 in remediation costs for the years ended June 30, 2020 and 2019, respectively, which is recorded in equipment and maintenance in the combined statement of functional expenses; and approximately \$200,000 in property and equipment write-offs for the year ended June 30, 2019, which is recorded in impairment and other expenses in the accompanying statement of functional expenses.

NOTE 15: CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by approximately \$1,061,000 and \$913,000 at June 30, 2020 and 2019, respectively.

NOTE 16: 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, 2020 and 2019 was approximately \$580,000 and \$560,000, respectively. Based on the current operating leases, the annual lease expense is expected to remain consistent with 2020 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 recorded at fair value less estimated selling expenses at the time of the donation. Management has estimated the net realizable value of the boat inventory at \$9,196,614 and \$2,948,813 at June 30, 2020 and 2019, respectively. Net realizable value is estimated based on third party appraisals, broker valuations, management's experience with the boat charter industry and estimated selling expenses are based on management's historical experiences with brokers. The actual net realizable value of the boats is not known until the boat is sold or leased.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 16: COMMITMENTS AND CONTINGENCIES (Continued)

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. Management has accrued approximately \$3,312,000 and \$3,480,000 at June 30, 2020 and 2019, 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 \$4,808,235 held in a secured collateralized account to support these policies.

AMIkids is self-funded for group health insurance up to a maximum of \$175,000 per employee. Management has accrued \$500,000 at June 30, 2020 and 2019, 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.

NOTE 17: 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 ½ 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, 2020 and 2019 was approximately \$1,657,000 and \$1,692,000, respectively, and is included in employee benefits and payroll taxes on the combined statement of functional expenses.

AMIkids has a deferred compensation plan in place for certain key members of management, which is accrued for and included in accrued pension in the combined statement of financial position. The deferred compensation plan is generally funded on an annual basis and the related assets are included as a component of investments. The cost related to the deferred compensation plan for the years ended June 30, 2020 and 2019 was approximately \$139,900 and \$24,100, respectively.

NOTE 18: 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.

AMIkids, Inc. and Affiliates
Notes to Combined Financial Statements

NOTE 19: INSTITUTE OPENINGS, CLOSINGS AND PROGRAMMATIC MODEL CHANGES

Openings

During the year, AMIkids opened AMIkids Duval, Inc. to provide alternative education for approximately 60 middle-school male youth with varying academic and behavioral needs. Single-gender interventions are designed for students who are disrupting the learning environment for the general student population, have fallen behind academically, or have become truant or have dropped out.

Closings/Inactive Programs

At the conclusion of the 2019-2020 school year, the AMIkids Tallahassee contract with the Leon County School Board (LCSB) for behavior modification, personal growth and facility management services for LCSB was not renewed. All activities have been discontinued at AMIkids Tallahassee as of June 30, 2020; however, AMIkids is working to find ways to continue to provide services at AMIkids Tallahassee during the upcoming year.

NOTE 20: SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



SUPPLEMENTARY INFORMATION

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position
June 30, 2020

	AMikids	AMikids Foundation	AMikids Baton Rouge	AMikids Beaufort	AMikids Bennettsville	AMikids Clay County	AMikids Behavior Health	AMikids Emerald Coast	AMikids Gainesville	AMikids Georgetown
Assets										
Cash and cash equivalents	\$ 4,033,077	\$ 4,231,187	\$ 229,267	\$ 372,287	\$ 22,001	\$ 192,812	\$ 18,134.00	\$ 73,835	\$ 33,885	\$ 51,354
Investments	3,698,421	1,719,662	51,537	-	-	-	-	-	-	-
Accounts receivable:										
Funding agencies	2,305,077	-	28,204	34,767	3,236	58,297	-	-	-	2,514
Other	75,215	-	-	1,404	5,238	-	-	-	-	11,554
Contributions receivable	12,500	230,821	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	1,250,392	-	11,100	8,888	6,744	2,685	3,221	296	14,750	8,025
Due from affiliates	20,703,275	-	55,490	106,693	110,082	63,503	72,126	6,295	92,773	178,810
Assets held for sale	-	-	-	-	-	-	80,000	-	63,626	-
Boat inventory	9,179,628	-	-	6,858	-	-	-	-	-	-
Boats under lease	13,890,033	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	380,553	-	-	-	-	-	-	-	-
Property and equipment, net	2,663,973	-	332,149	660,751	59,978	111,240	4,562	4,957	79,318	320,793
Total assets	\$ 57,811,591	\$ 6,562,223	\$ 707,747	\$ 1,191,648	\$ 207,279	\$ 428,537	\$ 178,043	\$ 85,383	\$ 284,352	\$ 573,050
Liabilities and Net Assets										
Liabilities:										
Lines of credit	\$ 4,850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,270,576	-	4,817	56,409	20,824	3,950	5,222	960	7,500	22,139
Accrued expenses	10,772,686	2,855	23,354	43,595	44,526	50,378	21,114	9,489	33,306	37,485
Accrued pension	2,079,649	-	-	-	-	-	-	-	-	-
Due to Affiliates	2,901,582	3,845,624	474,911	159,200	1,134,313	481,287	113,239	697,115	1,263,670	21,039
Deferred revenues	2,472,225	-	73,495	211,507	428	6,006	-	-	107,868	-
Security deposits	3,347,925	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	-	3,167	2,344	-	110,208	-	-	78,321	-
Notes payable	2,425,016	-	-	-	-	-	-	-	-	-
Total liabilities	30,119,659	3,848,479	579,744	473,055	1,200,091	651,829	139,575	707,564	1,490,665	80,663
Net assets:										
Without donor restrictions										
Undesignated	27,392,807	420,265	55,505	687,000	(993,012)	(223,292)	30,858	(661,402)	(1,214,562)	475,570
With donor restrictions	299,125	2,293,479	72,498	31,593	200	-	7,610	39,221	8,249	16,817
Total net assets	27,691,932	2,713,744	128,003	718,593	(992,812)	(223,292)	38,468	(622,181)	(1,206,313)	492,387
Total liabilities and net assets	\$ 57,811,591	\$ 6,562,223	\$ 707,747	\$ 1,191,648	\$ 207,279	\$ 428,537	\$ 178,043	\$ 85,383	\$ 284,352	\$ 573,050

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2020

	AMikids Georgia	AMikids Greater Ft. Lauderdale	AMikids Jacksonville	AMikids Miami-Dade	AMikids North Carolina Family Services	AMikids Orlando	AMikids Panama City Marine Institute	AMikids Pasco	AMikids Pensacola	AMikids Pinellas
Assets										
Cash and cash equivalents	\$ -	\$ 90,886	\$ 209,637	\$ 429,326	\$ 652,147	\$ 156,688	\$ 577,253	\$ -	\$ 611,783	\$ 44,490
Investments	-	-	-	-	-	-	-	-	-	-
Accounts receivable:										
Funding agencies	-	66,289	6,100	114,202	-	-	50,000	-	13,607	-
Other	-	5,712	1,269	-	148	283	32,150	-	4,398	-
Contributions receivable	-	-	91,750	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	8,920	11,348	9,819	27,982	8,370	22,014	-	11,306	7,730
Due from affiliates	17,189	124,541	98,423	355,406	1,163,718	95,847	29,286	29,145	199,325	56,360
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Boat inventory	-	1,845	-	-	-	-	8,283	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	-	136,780	724,815	76,259	4,154	114,237	2,244,919	-	307,420	1,011,390
Total assets	\$ 17,189	\$ 434,973	\$ 1,143,342	\$ 985,012	\$ 1,848,149	\$ 375,425	\$ 2,963,905	\$ 29,145	\$ 1,147,839	\$ 1,119,970
Liabilities and Net Assets										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	14,813	21,177	19,126	15,762	11,256	12,848	-	27,216	55,245
Accrued expenses	-	38,691	39,604	77,181	71,673	25,117	49,321	-	99,898	45,473
Accrued pension	-	-	-	-	1,383	-	-	-	-	-
Due to Affiliates	-	578,280	392,932	43,870	23,899	386,475	19,686	-	280,776	122,655
Deferred revenues	-	-	987	-	-	119,351	114,116	-	421,765	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	81,782	75,673	29,959	-	77,844	-	-	56,013	-
Notes payable	-	-	436,239	-	-	-	275,726	-	-	-
Total liabilities	-	713,566	966,612	170,136	112,717	620,043	471,697	-	885,668	223,373
Net assets:										
Without donor restrictions										
Undesignated	17,189	(373,652)	(5,381)	680,423	1,735,432	(326,413)	2,416,834	-	218,755	894,045
With donor restrictions	-	95,059	182,111	134,453	-	81,795	75,374	29,145	43,416	2,552
Total net assets	17,189	(278,593)	176,730	814,876	1,735,432	(244,618)	2,492,208	29,145	262,171	896,597
Total liabilities and net assets	\$ 17,189	\$ 434,973	\$ 1,143,342	\$ 985,012	\$ 1,848,149	\$ 375,425	\$ 2,963,905	\$ 29,145	\$ 1,147,839	\$ 1,119,970

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2020

	AMikids Piedmont	AMikids Sand Hills	AMikids Sandoval	AMikids Southwest Florida	AMikids Space Coast	AMikids St. Louis	AMikids Tallahassee	AMikids Tampa	AMikids Virginia Wilderness	AMikids Volusia
Assets										
Cash and cash equivalents	\$ 290,671	\$ 9,322	\$ 101,770	\$ 77,438	\$ 440,974	\$ (15)	\$ 55,760	\$ 200,312	\$ -	\$ 37,713
Investments	-	-	-	-	-	-	-	-	-	-
Accounts receivable:										
Funding agencies	2,210	4,120	30,000	-	18,374	-	35,455	17,701	-	-
Other	8,675	700	315,792	3,400	2,930	-	6,889	486	-	2,972
Contributions receivable	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	7,401	7,312	97,296	4,193	17,446	-	2,873	9,149	580	16,563
Due from affiliates	101,099	110,250	10,027	51,832	158,938	700	-	83,796	-	86,809
Assets held for sale	-	-	-	-	-	-	-	-	120,000	-
Boat inventory	-	-	-	-	-	-	-	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	570,337	-	-	-	-	-	-
Property and equipment, net	48,029	38,959	180,267	69,532	403,740	-	106,555	219,916	-	25,390
Total assets	\$ 458,085	\$ 170,663	\$ 735,152	\$ 776,732	\$ 1,042,402	\$ 685	\$ 207,532	\$ 531,360	\$ 120,580	\$ 169,447
Liabilities and Net Assets										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	12,535	21,671	14,622	5,298	49,102	-	2,155	7,358	-	13,892
Accrued expenses	43,387	67,809	39,532	12,288	74,114	16,844	15,195	48,884	100	41,160
Accrued pension	-	-	-	-	-	-	-	-	-	-
Due to Affiliates	23,452	779,193	4,437,325	158,589	71,377	-	320,598	244,491	219,241	459,792
Deferred revenues	-	379	182,540	4,610	360,795	-	253	104,849	-	60,929
Security deposits	-	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	-	1,947	2,509	-	-	-	6,625	-	25,905
Notes payable	-	-	-	-	-	-	-	13,872	-	-
Total liabilities	79,374	869,052	4,675,966	183,294	555,388	16,844	338,201	426,079	219,341	601,678
Net assets:										
Without donor restrictions										
Undesignated	375,304	(698,389)	(3,943,744)	523,441	434,308	(37,988)	(132,669)	83,228	(98,761)	(433,462)
With donor restrictions	3,407	-	2,930	69,997	52,706	21,829	2,000	22,053	-	1,231
Total net assets	378,711	(698,389)	(3,940,814)	593,438	487,014	(16,159)	(130,669)	105,281	(98,761)	(432,231)
Total liabilities and net assets	\$ 458,085	\$ 170,663	\$ 735,152	\$ 776,732	\$ 1,042,402	\$ 685	\$ 207,532	\$ 531,360	\$ 120,580	\$ 169,447

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2020

	AMikids White Pines	AMikids Acadiana	AMikids Big Cypress	AMikids Family Services, Inc.	AMikids Gadsden Center for Academic Discipline	AMikids Infinity Marlboro	AMikids Infinity Wake County	AMikids Virginia, Inc.	AMikids Rio Grande Valley	AMikids Sarasota County
Assets										
Cash and cash equivalents	\$ 65,536	\$ 385,092	\$ -	\$ 40,623	\$ 264,378	\$ 85,973	\$ 9,395	\$ 157,867	\$ 107,998	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Accounts receivable:										
Funding agencies	8,871	16,258	-	-	-	-	106,965	1,093,891	101,770	-
Other	1,210	852	-	-	-	350	-	-	15,750	-
Contributions receivable	-	-	-	-	-	-	3,000	-	-	-
Prepaid expenses and other assets	12,028	15,764	-	1,094	3,336	3,469	1,669	4,174	15,462	-
Due from affiliates	208,849	165,321	-	34,314	45,221	44,274	-	221,790	96,288	122,682
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Boat inventory	-	-	-	-	-	-	-	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	77,061	34,946	-	-	26,098	-	-	-	31,274	-
Total assets	\$ 373,555	\$ 618,233	\$ -	\$ 76,031	\$ 339,033	\$ 134,066	\$ 121,029	\$ 1,477,722	\$ 368,542	\$ 122,682
Liabilities and Net Assets										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	32,712	25,079	-	2,603	2,773	3,109	2,626	1,092,218	14,584	-
Accrued expenses	67,663	55,565	-	16,188	12,125	9,283	14,466	27,420	28,587	48,776
Accrued pension	-	737	-	-	-	-	-	-	-	-
Due to Affiliates	126,766	1,490,850	-	394	1,812	8,006	11,658	6,075	2,972,096	-
Deferred revenues	1,100	316,500	-	27,282	76,442	-	-	-	128,650	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	-	-	-	25,791	-	-	-	27,718	-
Notes payable	-	24,653	-	-	-	-	-	-	-	-
Total liabilities	228,241	1,913,384	-	46,467	118,943	20,398	28,750	1,125,713	3,171,635	48,776
Net assets:										
Without donor restrictions										
Undesignated	142,814	(1,306,656)	-	29,564	220,063	109,193	84,799	352,009	(2,875,410)	73,906
With donor restrictions	2,500	11,505	-	-	27	4,475	7,480	-	72,317	-
Total net assets	145,314	(1,295,151)	-	29,564	220,090	113,668	92,279	352,009	(2,803,093)	73,906
Total liabilities and net assets	\$ 373,555	\$ 618,233	\$ -	\$ 76,031	\$ 339,033	\$ 134,066	\$ 121,029	\$ 1,477,722	\$ 368,542	\$ 122,682

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2020

	AMikids Savannah River	AMikids YES	AMikids Georgia Properties	AMikids Louisiana Properties	South Carolina Wilderness Institute	AMikids New Mexico Properties	AMikids South Carolina Statewide	AMikids Wings Texas	AMikids Caddo, Inc	AMikids Manatee, Inc.
Assets										
Cash and cash equivalents	\$ 95,921	\$ 595,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,746	\$ 483,048
Investments	-	324,038	-	-	-	-	-	-	-	-
Accounts receivable:										
Funding agencies	155,108	15,559	-	-	-	-	-	-	3,750	57,122
Other	221	13,002	-	-	-	-	-	-	-	-
Contributions receivable	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	4,250	12,535	-	-	-	-	-	(100)	6,145	3,412
Due from affiliates	-	195,853	-	624,048	-	788,959	1,013	-	-	41,256
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Boat inventory	-	-	-	-	-	-	-	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	80,746
Property and equipment, net	7,422	58,099	2,077,902	960,754	103,000	-	-	-	30,488	37,737
Total assets	\$ 262,922	\$ 1,214,106	\$ 2,077,902	\$ 1,584,802	\$ 103,000	\$ 788,959	\$ 1,013	\$ (100)	\$ 445,129	\$ 703,321
Liabilities and Net Assets										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	22,837	30,741	-	-	-	-	-	-	14,539	3,450
Accrued expenses	46,341	88,600	768	768	928	768	-	-	66,599	36,934
Accrued pension	681	-	-	-	-	-	-	-	1,344	-
Due to Affiliates	1,426,894	44,342	292,078	-	7,238	-	-	-	477,950	33,625
Deferred revenues	185,300	465,507	-	-	-	-	-	-	-	6,472
Security deposits	-	-	-	-	-	-	-	-	-	-
Obligations under capital lease	-	14,562	-	-	-	-	-	-	31,114	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Total liabilities	1,682,053	643,752	292,846	768	8,166	768	-	-	591,546	80,481
Net assets:										
Without donor restrictions										
Undesignated	(1,420,131)	507,664	1,785,056	1,584,034	94,834	788,191	-	(100)	(146,926)	619,752
With donor restrictions	1,000	62,690	-	-	-	-	1,013	-	509	3,088
Total net assets	(1,419,131)	570,354	1,785,056	1,584,034	94,834	788,191	1,013	(100)	(146,417)	622,840
Total liabilities and net assets	\$ 262,922	\$ 1,214,106	\$ 2,077,902	\$ 1,584,802	\$ 103,000	\$ 788,959	\$ 1,013	\$ (100)	\$ 445,129	\$ 703,321

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule I
Combining Schedule - Statement of Financial Position (Continued)
June 30, 2020

	AMIkids Alabama, Inc.	AMIkids Duval, Inc.	Total Before Eliminations	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 106,975	\$ 16,079	\$ 16,062,645	\$ -	\$ 16,062,645
Investments	-	-	5,793,658	-	5,793,658
Accounts receivable:					
Funding agencies	-	180,349	4,529,796	-	4,529,796
Other	-	-	510,600	-	510,600
Contributions receivable	-	-	338,071	-	338,071
Prepaid expenses and other assets	6,436	927	1,667,004	-	1,667,004
Due from affiliates	13,118	-	26,764,724	(26,764,724)	-
Assets held for sale	-	-	263,626	-	263,626
Boat inventory	-	-	9,196,614	-	9,196,614
Boats under lease	-	-	13,890,033	-	13,890,033
Beneficial interest in assets held by others	-	-	1,031,636	-	1,031,636
Property and equipment, net	787	-	13,395,651	-	13,395,651
Total assets	\$ 127,316	\$ 197,355	\$ 93,444,058	\$ (26,764,724)	\$ 66,679,334
Liabilities and Net Assets					
Liabilities:					
Lines of credit	\$ -	\$ -	\$ 4,850,000	\$ -	\$ 4,850,000
Accounts payable	1,864	2,533	2,948,141	(505)	2,947,636
Accrued expenses	6,917	12,542	12,386,297	(4,372,960)	8,013,337
Accrued pension	-	-	2,083,794	-	2,083,794
Due to Affiliates	(422)	210,244	26,764,217	(26,764,217)	-
Deferred revenues	44,712	-	5,494,068	-	5,494,068
Security deposits	-	-	3,347,925	-	3,347,925
Obligations under capital lease	-	-	651,482	-	651,482
Notes payable	-	-	3,175,506	-	3,175,506
Total liabilities	53,071	225,319	61,701,430	(31,137,682)	30,563,748
Net assets:					
Without donor restrictions					
Undesignated	74,245	(27,964)	27,987,174	4,681,097	32,668,271
With donor restrictions	-	-	3,755,454	(308,139)	3,447,315
Total net assets	74,245	(27,964)	31,742,628	4,372,958	36,115,586
Total liabilities and net assets	\$ 127,316	\$ 197,355	\$ 93,444,058	\$ (26,764,724)	\$ 66,679,334

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities
Year ended June 30, 2020

	AMikids	AMikids Foundation	AMikids Baton Rouge	AMikids Beaufort	AMikids Bennettsville	AMikids Clay County	AMikids Behavior Health	AMikids Emerald Coast	AMikids Gainesville	AMikids Georgetown
Public Support and revenue:										
State support:										
Florida	\$ 2,078,810	\$ -	\$ -	\$ -	\$ -	\$ 733,349	\$ -	\$ -	\$ 798,086	\$ -
South Carolina	1,466,497	-	-	1,111,203	1,320,984	-	-	-	-	1,177,282
Louisiana	347,498	-	452,236	-	-	-	-	-	-	-
Texas	75,458	-	-	-	-	-	-	-	-	-
North Carolina	287,760	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	105,438	-	-	-	-	-	-	-	-	-
Alabama	33,690	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	508,481	-	324,833	169,148	47,889	70	-	619	(12,975)	65,625
Regional Revenue	4,000	-	-	-	-	402,183	603,468	-	117,229	-
Contributions	1,363,964	1,905,060	74,453	268,671	82,157	10,104	65	231,369	17,105	31,839
Total Public Support	6,271,596	1,905,060	851,522	1,549,022	1,451,030	1,145,706	603,533	231,988	919,445	1,274,746
Revenue										
Boat Program	22,352,870	-	-	-	-	-	-	-	-	-
Investment income (loss)	969,203	139,615	980	310	-	-	45	-	46	1,191
Other	1,923,967	-	195	858	-	-	1,920	8,643	2,516	250
Total revenue	25,246,040	139,615	1,175	1,168	-	-	1,965	8,643	2,562	1,441
Total public support and revenue	31,517,636	2,044,675	852,697	1,550,190	1,451,030	1,145,706	605,498	240,631	922,007	1,276,187
Expenses:										
Program Services	5,530,273	922,037	818,638	1,624,390	1,525,589	961,515	533,889	235,963	952,935	1,404,829
Boat Program	14,560,809	-	-	-	-	-	-	-	-	-
Management and general	4,936,534	6,974	63,682	38,417	31,132	21,750	26,116	28,939	29,541	23,031
Fundraising	534,578	-	-	-	-	-	-	-	-	-
Total expense	25,562,194	929,011	882,320	1,662,807	1,556,721	983,265	560,005	264,902	982,476	1,427,860
Change in Net assets	5,955,442	1,115,664	(29,623)	(112,617)	(105,691)	162,441	45,493	(24,271)	(60,469)	(151,673)
Net assets (deficit), beginning of the year	21,736,490	1,598,080	157,626	831,210	(887,121)	(385,733)	(7,025)	(597,910)	(1,145,844)	644,060
Net assets (deficit), end of the year	\$ 27,691,932	\$ 2,713,744	\$ 128,003	\$ 718,593	\$ (992,812)	\$ (223,292)	\$ 38,468	\$ (622,181)	\$ (1,206,313)	\$ 492,387

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2020

	AMikids Georgia	AMikids Greater Ft. Lauderdale	AMikids Jacksonville	AMikids Miami-Dade	AMikids North Carolina Family Services	AMikids Orlando	AMikids Panama City Marine Institute	AMikids Pasco	AMikids Pensacola	AMikids Pinellas
Public Support and revenue:										
State support:										
Florida	\$ -	\$ 835,942	\$ 920,385	\$ 1,891,639	\$ -	\$ 783,338	\$ -	\$ -	\$ 1,973,066	\$ 520,176
South Carolina	-	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	2,589,840	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	-	17,263	18,481	154,698	-	2,981	690,762	-	269,959	142,891
Regional Revenue	-	211,849	136,908	318,919	-	168,921	410,468	-	20,190	187,285
Contributions	-	41,013	195,587	172,429	4,277	41,031	334,868	-	112,039	52,137
Total Public Support	-	1,106,067	1,271,361	2,537,685	2,594,117	996,271	1,436,098	-	2,375,254	902,489
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	262	61	220	1,734	13,633	808	62	191	129	9
Other	-	4,490	-	2,923	3,600	3,230	468,041	(1,503)	2,000	13,549
Total revenue	262	4,551	220	4,657	17,233	4,038	468,103	(1,312)	2,129	13,558
Total public support and revenue	262	1,110,618	1,271,581	2,542,342	2,611,350	1,000,309	1,904,201	(1,312)	2,377,383	916,047
Expenses:										
Program Services	-	1,110,122	1,170,652	2,532,098	2,115,979	988,661	1,214,137	27,706	2,354,338	1,071,198
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	(8)	27,760	34,148	52,902	42,073	36,899	78,139	2,139	39,617	28,904
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	(8)	1,137,882	1,204,800	2,585,000	2,158,052	1,025,560	1,292,276	29,845	2,393,955	1,100,102
Change in Net assets	270	(27,264)	66,781	(42,658)	453,298	(25,251)	611,925	(31,157)	(16,572)	(184,055)
Net assets (deficit), beginning of the year	16,919	(251,329)	109,949	857,534	1,282,134	(219,367)	1,880,283	60,302	278,743	1,080,652
Net assets (deficit), end of the year	\$ 17,189	\$ (278,593)	\$ 176,730	\$ 814,876	\$ 1,735,432	\$ (244,618)	\$ 2,492,208	\$ 29,145	\$ 262,171	\$ 896,597

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2020

	AMIkids Piedmont	AMIkids Sand Hills	AMIkids Sandoval	AMIkids Southwest Florida	AMIkids Space Coast	AMIkids St. Louis	AMIkids Tallahassee	AMIkids Tampa	AMIkids Virginia Wilderness	AMIkids Volusia
Public Support and revenue:										
State support:										
Florida	\$ -	\$ -	\$ -	\$ 5,604	\$ 2,104,301	\$ -	\$ -	\$ 776,781	\$ -	\$ 793,417
South Carolina	1,177,282	1,323,002	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	50,234	40,056	779,173	313,131	154,537	-	14,875	20,535	-	1,623
Regional Revenue	3,375	-	40,000	-	244,509	-	135,671	106,204	-	135,717
Contributions	12,945	137,686	12,602	33,605	215,007	153	14,563	249,031	-	3,613
Total Public Support	1,243,836	1,500,744	831,775	352,340	2,718,354	153	165,109	1,152,551	-	934,370
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	58	5	3,354	841	(57)	-	-	183	175	-
Other	730	-	10,521	-	51,329	2,844	135	35,101	-	-
Total revenue	788	5	13,875	841	51,272	2,844	135	35,284	175	-
Total public support and revenue	1,244,624	1,500,749	845,650	353,181	2,769,626	2,997	165,244	1,187,835	175	934,370
Expenses:										
Program Services	1,174,098	1,617,845	1,754,325	391,291	2,882,843	77,836	239,330	1,092,135	56,167	968,100
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	26,979	36,384	76,408	25,063	45,304	929	32,526	24,253	-	26,930
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	1,201,077	1,654,229	1,830,733	416,354	2,928,147	78,765	271,856	1,116,388	56,167	995,030
Change in Net assets	43,547	(153,480)	(985,083)	(63,173)	(158,521)	(75,768)	(106,612)	71,447	(55,992)	(60,660)
Net assets (deficit), beginning of the year	335,164	(544,909)	(2,955,731)	656,611	645,535	59,609	(24,057)	33,834	(42,769)	(371,571)
Net assets (deficit), end of the year	\$ 378,711	\$ (698,389)	\$ (3,940,814)	\$ 593,438	\$ 487,014	\$ (16,159)	\$ (130,669)	\$ 105,281	\$ (98,761)	\$ (432,231)

See Independent Auditors' Report.

AMIkids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2020

	AMIkids White Pines	AMIkids Acadiana	AMIkids Big Cypress	AMIkids Family Services, Inc.	AMIkids Gadsden Center for Academic Discipline	AMIkids Infinity Marlboro	AMIkids Infinity Wake County	AMIkids Virginia, Inc.	AMIkids Rio Grande Valley	AMIkids Sarasota County
Public Support and revenue:										
State support:										
Florida	\$ -	\$ -	\$ -	\$ 389,934	\$ 309,520	\$ -	\$ -	\$ -	\$ -	\$ -
South Carolina	2,468,240	-	-	-	-	-	-	-	-	-
Louisiana	-	2,236,081	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	427,203	-
North Carolina	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	597,482	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-
Federal support	88,526	94,572	-	-	29	-	-	-	54,447	-
Regional Revenue	-	207,458	-	-	5,000	450,000	427,860	-	478,715	-
Contributions	227,494	33,829	-	230	4,583	1,586	5,310	628	99,679	-
Total Public Support	2,784,260	2,571,940	-	390,164	319,132	451,586	433,170	598,110	1,060,044	-
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	37	145	-	-	-	93	-	-	832	1,656
Other	-	201	-	-	-	84	-	-	64	-
Total revenue	37	346	-	-	-	177	-	-	896	1,656
Total public support and revenue	2,784,297	2,572,286	-	390,164	319,132	451,763	433,170	598,110	1,060,940	1,656
Expenses:										
Program Services	2,945,319	2,484,946	-	384,199	291,354	414,949	370,895	467,233	1,181,445	3,776
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	40,451	33,176	-	23,032	13,015	35,766	36,825	30,644	57,940	-
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	2,985,770	2,518,122	-	407,231	304,369	450,715	407,720	497,877	1,239,385	3,776
Change in Net assets	(201,473)	54,164	-	(17,067)	14,763	1,048	25,450	100,233	(178,445)	(2,120)
Net assets (deficit), beginning of the year	346,787	(1,349,315)	-	46,631	205,327	112,620	66,829	251,776	(2,624,648)	76,026
Net assets (deficit), end of the year	\$ 145,314	\$ (1,295,151)	\$ -	\$ 29,564	\$ 220,090	\$ 113,668	\$ 92,279	\$ 352,009	\$ (2,803,093)	\$ 73,906

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2020

	AMikids Savannah River	AMikids YES	AMikids Georgia Properties	AMikids Louisiana Properties	South Carolina Wilderness Institute	AMikids New Mexico Properties	AMikids South Carolina Statewide	AMikids Wings Texas	AMikids Caddo, Inc	AMikids Manatee, Inc.
Public Support and revenue:										
State support:										
Florida	\$ -	\$ 2,049,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,276
South Carolina	-	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-
Alabama	-	-	-	-	-	-	-	-	-	-
Georgia	1,447,810	-	-	-	-	-	-	-	-	-
Federal support	-	53,187	-	-	-	-	-	-	51,707	1,928
Regional Revenue	-	255,763	-	-	-	-	-	-	2,314,840	421,668
Contributions	42,566	96,606	81,802	-	-	-	-	-	4,972	28,557
Total Public Support	1,490,376	2,455,470	81,802	-	-	-	-	-	2,371,519	1,002,429
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	985	-	20,876	-	34,068	16	-	-	4,148
Other	-	1,486	-	140,000	-	-	-	-	29	-
Total revenue	-	2,471	-	160,876	-	34,068	16	-	29	4,148
Total public support and revenue	1,490,376	2,457,941	81,802	160,876	-	34,068	16	-	2,371,548	1,006,577
Expenses:										
Program Services	1,724,056	2,664,537	99,652	158,891	-	17,825	-	200	2,020,540	815,381
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	126,649	52,646	2,083	1,255	1,146	1,277	52	-	178,756	32,684
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	1,850,705	2,717,183	101,735	160,146	1,146	19,102	52	200	2,199,296	848,065
Change in Net assets	(360,329)	(259,242)	(19,933)	730	(1,146)	14,966	(36)	(200)	172,252	158,512
Net assets (deficit), beginning of the year	(1,058,802)	829,596	1,804,989	1,583,304	95,980	773,225	1,049	100	(318,669)	464,328
Net assets (deficit), end of the year	\$ (1,419,131)	\$ 570,354	\$ 1,785,056	\$ 1,584,034	\$ 94,834	\$ 788,191	\$ 1,013	\$ (100)	\$ (146,417)	\$ 622,840

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule II
Combining Schedule - Statement of Activities (Continued)
Year ended June 30, 2020

	AMikids Alabama, Inc.	AMikids Duval, Inc.	Total Before Eliminations	Eliminations	Total
Public Support and revenue:					
State support:					
Florida	\$ -	\$ -	\$ 17,514,538	\$ -	\$ 17,514,538
South Carolina	-	-	10,044,490	-	10,044,490
Louisiana	-	-	3,035,815	-	3,035,815
Texas	-	-	502,661	-	502,661
North Carolina	-	-	2,877,600	-	2,877,600
Missouri	-	-	-	-	-
Virginia	-	-	702,920	-	702,920
Alabama	298,621	-	332,311	-	332,311
Georgia	-	-	1,447,810	-	1,447,810
Federal support	-	-	4,119,285	(23,335)	4,095,950
Regional Revenue	-	457,808	8,266,008	(603,468)	7,662,540
Contributions	123	-	6,245,338	(1,600,907)	4,644,431
Total Public Support	298,744	457,808	55,088,776	(2,227,710)	52,861,066
Revenue					
Boat Program	-	-	22,352,870	-	22,352,870
Investment income (loss)	-	-	1,195,914	(903,274)	292,640
Other	-	-	2,677,203	(2,021,168)	656,035
Total revenue	-	-	26,225,987	(2,924,442)	23,301,545
Total public support and revenue	298,744	457,808	81,314,763	(5,152,152)	76,162,611
Expenses:					
Program Services	310,879	406,582	54,111,578	(4,861,742)	49,249,836
Boat Program	-	-	14,560,809	-	14,560,809
Management and general	10,296	79,190	6,600,348	(679,887)	5,920,461
Fundraising	-	-	534,578	-	534,578
Total expense	321,175	485,772	75,807,313	(5,541,629)	70,265,684
Change in Net assets	(22,431)	(27,964)	5,507,450	389,477	5,896,927
Net assets (deficit), beginning of the year	96,676	-	26,235,178	3,983,481	30,218,659
Net assets (deficit), end of the year	\$ 74,245	\$ (27,964)	\$ 31,742,628	\$ 4,372,958	\$ 36,115,586

See Independent Auditors' Report.

AMikids, Inc. and Affiliates
Schedule of Compensation, Benefits and Other Payments to Agency Head
Or Chief Executive Officer
Year ended June 30, 2020

Agency Head Name: Mike Thornton

Purpose	June 30, 2020
Salary	\$ 198,884
Benefits-Insurance	9,757
Benefits-retirement	52,500
Reimbursements	3,823
Travel	15,538
Total	\$ 280,502

See Independent Auditors' Report.



INTERNAL CONTROL RECOMMENDATIONS

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

To the Board of Trustees
AMIKids, Inc.
Tampa, Florida

We have audited, 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, the financial statements of the AMIKids, Inc. and Affiliates ("the Organization"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

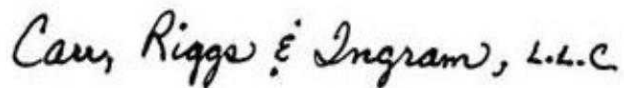
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive style.

CARR, RIGGS, & INGRAM, LLC

Tampa, Florida
September 24, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Trustees
AMIKids, Inc.
Tampa, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the AMIKids, Inc. and Affiliates's ("the Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2020. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General, *Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations*. Those standards, Uniform Guidance and Chapter 10.650, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Organization 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 program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Opinion on Each Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and 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 and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
September 24, 2020

AMikids, Inc. and Affiliates

Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	CFDA CSFA Number	Pass-Through Grant Number	(Note 1) Amount of Expenditures	Amount Provided To Subrecipients
FEDERAL AWARDS				
U.S. DEPARTMENT OF AGRICULTURE				
Indirect Programs:				
Child Nutrition Cluster				
Passed thru Florida Department of Agriculture				
National School Lunch Program (Note 2)	10.555	01-0233	\$ 172,345	
Passed thru Louisiana Department of Education				
National School Lunch Program (Note 2)	10.555	09-SFS-007	82,562	
Passed thru New Mexico Public Education Department				
National School Lunch Program (Note 2)	10.555	11008	19,055	
Passed thru Texas Department of Agriculture				
National School Lunch Program (Note 2)	10.555	01198	37,260	
Passed thru South Carolina Department of Education				
National School Lunch Program (Note 2)	10.555	5697, 5699, 5713, 5714, 5715, 5716	297,825	
Total CFDA 10.555 - National School Lunch Program			609,047	-
Total Child Nutrition Cluster			609,047	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			609,047	-
U.S. DEPARTMENT OF EDUCATION				
Indirect Programs:				
Passed thru Florida Dept. of Education				
Career and Technical Education - Based Grants to States				
Passed thru School Board of Brevard County	84.048		42,746	
Total CFDA 84.048 - Career and Technical Education - Based Grants to States			42,746	-
Passed thru Louisiana Dept. of Education				
Title I Grants to Local Educational Agencies				
Passed thru Caddo Parish	84.010	-	51,707	
Total CFDA 84.010 - Title I Grants to Local Educational Agencies			51,707	-
TOTAL U.S. DEPARTMENT OF EDUCATION			94,453	-
U.S. DEPARTMENT OF LABOR				
Direct Programs:				
Reentry Employment Opportunities	17.270	YF-33606-19-60-A-12	1,348,821	
Total CFDA 17.270 - Reentry Employment Opportunities			1,348,821	-
Youthbuild	17.274	YB-32999-18-60-A-22	342,049	
Youthbuild	17.274	YB-34255-19-60-A-45	112,466	
Total CFDA 17.274 - Youthbuild			454,515	-
TOTAL U.S. DEPARTMENT OF LABOR			1,803,336	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Indirect Programs:				
Passed thru Florida Dept. of Children and Families				
Comprehensive Community Mental Health Services for Children				
with Serious Emotional Disturbances (SED)				
Passed thru Big Bend Community Based Care	93.104	DAJ07	380,506	
Total CFDA 93.104 - Comprehensive Community Mental Health Services for Children with SED			380,506	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			380,506	-

AMikids, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	CFDA CSFA Number	Pass-Through Grant Number	(Note 1) Amount of Expenditures	Amount Provided To Subrecipients
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Indirect Programs:				
Passed thru Volunteer Florida AmeriCorps	94.006	1,980,215,206.00	203,930	
Total CFDA 94.006 - AmeriCorps			-	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			203,930	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Indirect Programs:				
CDBG - Entitlement Grants Cluster Passed thru Brevard County Community Development Block Grants/Entitlement Grants	14.218	N/A	37,690	
Total CFDA 14.218 - Community Development Block Grants/Entitlement Grants			37,690	-
Total CDBG Entitlement Grants Cluster			37,690	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			37,690	-
U.S DEPARTMENT OF THE TREASURY				
Indirect Programs:				
Passed thru Bay County Board of County Commissioners Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	RDCGR30040-01-00	57,725	
Total CFDA 21.015 - Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States			57,725	-
TOTAL U.S. DEPARTMENT OF THE TREASURY			57,725	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,186,687	-
STATE FINANCIAL ASSISTANCE - FLORIDA				
FLORIDA DEPARTMENT OF EDUCATION				
Direct Projects:				
School and Instructional Enhancement Programs	48.040	93Q-97495-DQ001	\$ 1,056,849	
Total CSFA 48.040 - School and Instructional Enhancement Programs			1,056,849	-
TOTAL FLORIDA DEPARTMENT OF EDUCATION			1,056,849	-
FLORIDA DEPARTMENT OF JUVENILE JUSTICE				
Direct Projects:				
Delinquency Prevention				
Apprenticeship Job Placement	80.029	10599	500,000	
Clay - CFPG	80.029	10521	716,754	
Gadsden - 700 Gender Specific	80.029	10552	349,477	
Tampa - 725 - Gender Specific	80.029	10520	780,311	
Pinellas - 725 - Gender Specific	80.029	10519	539,789	
Manatee - 725 - Gender Specific	80.029	10394	560,134	
Family Centric	80.029	10610	433,260	
Total CSFA 80.029 - Delinquency Prevention			3,879,725	-
Day Treatment Programs - Facility Based	80.021	10573	5,918,746	
Total CSFA 80.021 - Day Treatment Programs - Facility Based			5,918,746	-
TOTAL FLORIDA DEPARTMENT OF JUVENILE JUSTICE			9,798,471	-

AMikids, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	CFDA CSFA Number	Pass-Through Grant Number	(Note 1) Amount of Expenditures	Amount Provided To Subrecipients
FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES				
Direct Projects:				
Horse Country Specialty License Plate	76.104	N/A	146,870	
TOTAL FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES			146,870	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE - FLORIDA			\$ 11,002,190	-

AMikids, Inc. and Affiliates
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 represents amounts expended from federal award programs and state projects during the fiscal year as determined on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Florida Department of Financial Services' State Projects Compliance Supplement*. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the Organization's accounting records from which the basic financial statements have been reported. Federal and State funds that are not subject to Uniform Guidance, or Florida Single Audit are not included on this schedule.

The Organization has elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance for the year ended June 30, 2020.

The Organizations' federal awards do not have any loans or loan guarantees.

NOTE 2: NONCASH ASSISTANCE FOR NATIONAL SCHOOL LUNCH

Food donations from the United States Department of Agriculture represent the amount of donated food consumed during the fiscal year. Commodities totaling \$10,885 were valued at fair value at the time of donation and included in the reported expenditures.

AMIkids, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None |

Federal Awards:

- | | | | | | |
|--|-----------------------------------|----------------|--------|-----------------------------------|--|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | |
| 2. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | None | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None | | | | |
| 4. Identification of major programs: | | | | | |
| CFDA | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Number</u></td> <td style="width: 50%; text-align: center;"><u>Program</u></td> </tr> <tr> <td style="text-align: center;">17.270</td> <td style="text-align: center;">Re-Entry Employment Opportunities</td> </tr> </table> | <u>Number</u> | <u>Program</u> | 17.270 | Re-Entry Employment Opportunities | |
| <u>Number</u> | <u>Program</u> | | | | |
| 17.270 | Re-Entry Employment Opportunities | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | No | | | | |

State Projects:

- | | | | | | |
|--|---|----------------|--------|---|--|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | |
| 2. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | None | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None | | | | |
| 3. Identification of major programs: | | | | | |
| CSFA | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Number</u></td> <td style="width: 50%; text-align: center;"><u>Project</u></td> </tr> <tr> <td style="text-align: center;">80.021</td> <td style="text-align: center;">Day Treatment Programs – Facility Based</td> </tr> </table> | <u>Number</u> | <u>Project</u> | 80.021 | Day Treatment Programs – Facility Based | |
| <u>Number</u> | <u>Project</u> | | | | |
| 80.021 | Day Treatment Programs – Facility Based | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |

**AMikids, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Listed below is the Organization’s summary of the status of prior year audit findings on Federal Programs:

Audit Report No. (Finding No.)	Program/Area	Description	Status	Comments
2019-001	CFDA 10.555 - Child Nutrition Cluster, National School Lunch Program	The Organization did not follow the small purchase procedures of obtaining an appropriate number of quotes for procurement of services and supplies related to the operation of the National School Lunch Program for fiscal year 2018-2019.	Corrected	Processes have been amended to require adherence to the small purchase procedures of obtaining an adequate number of quotes from qualifying sources.