

# **AMIkids Caddo, Inc.**

## **FINANCIAL STATEMENTS**

**June 30, 2020**

**(With comparative financial information for 2019)**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

	Page
<b>REPORT</b>	
Independent Auditors' Report .....	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7
<b>Supplemental Information</b>	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer .....	16
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 <i>Government Auditing Standards</i> .....	17



# REPORT

## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees  
AMlkids Caddo, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AMlkids Caddo, Inc. (the "School"), which is comprised of the statements 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## Opinion

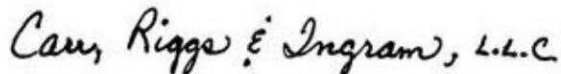
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMIkids Caddo, Inc. as of June 30, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020, on our consideration of AMIkids Caddo, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Caddo, Inc.'s internal control over financial reporting and compliance.

## Report on Summarized Comparative Information

We have previously audited the AMIkids Caddo, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited 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 financial statements from which it has been derived.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
October 29, 2020



# **FINANCIAL STATEMENTS**

**AMIkids Caddo, Inc.**  
**Statement of Financial Position**

<i>June 30,</i>	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 404,746	\$ 156,089
Accounts receivable:		
Funding agencies	3,750	3,454
Other	-	120
Prepaid expenses	6,145	65,038
Property and equipment, net	30,488	5,216
Total assets	\$ 445,129	\$ 229,917
<b>Liabilities</b>		
Accounts payable	\$ 14,539	\$ 12,865
Accrued expenses	66,599	50,788
Accrued pension	1,344	-
Due to AMIkids and affiliated institutes	477,950	479,126
Capital lease obligations	31,114	5,807
Total liabilities	591,546	548,586
<b>Net assets</b>		
Without donor restrictions	(146,926)	(319,754)
With donor restrictions	509	1,085
Total net assets	(146,417)	(318,669)
Total liabilities and net assets	\$ 445,129	\$ 229,917

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



## AMIkids Caddo, Inc. Statement of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total	Summarized Total
<b>Public Support and revenue:</b>				
Public support:				
Federal Support	\$ 51,707	\$ -	\$ 51,707	\$ 38,871
Regional Revenue	2,314,840	-	2,314,840	1,731,196
Contributions	2,972	2,000	4,972	2,832
Total public support	2,369,519	2,000	2,371,519	1,772,899
Revenue:				
Other	29	-	29	-
Total revenue	29	-	29	-
Net assets released from restrictions	2,576	(2,576)	-	-
Total public support and revenue	2,372,124	(576)	2,371,548	1,772,899
<b>Expenses:</b>				
Program services	2,020,540	-	2,020,540	1,770,024
Management and general	178,756	-	178,756	145,186
Total expenses	2,199,296	-	2,199,296	1,915,210
<b>Change in net assets</b>	<b>172,828</b>	<b>(576)</b>	<b>172,252</b>	<b>(142,311)</b>
Net assets, beginning of year	(319,754)	1,085	(318,669)	(176,358)
Net assets, end of year	\$ (146,926)	\$ 509	\$ (146,417)	\$ (318,669)

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



**AMIkids Caddo, Inc.**  
**Statement of Functional Expenses**

<i>For the year ended June 30,</i>	Program Services	Management and General	2020 Total	2019 Summarized Total
Salaries	\$ 1,186,226	\$ -	\$ 1,186,226	\$ 1,071,979
Employee benefits and payroll taxes	255,297	-	255,297	246,311
Other staff expenses	2,890	-	2,890	10,830
Travel	487	-	487	2,862
Conferences and training	5,742	61	5,803	14,272
Office and other supplies	12,135	8,164	20,299	19,940
Rent and utilities	64,833	769	65,602	29,157
Insurance	69,695	28,986	98,681	103,598
Professional fees	-	4,816	4,816	14,357
Management fee	147,224	130,555	277,779	207,744
Student supplies and training	120,261	-	120,261	106,634
Community development	380	-	380	312
Equipment and maintenance	124,444	5,405	129,849	66,828
Interest	22,983	-	22,983	17,980
Depreciation	7,943	-	7,943	2,406
<b>Total expense</b>	<b>\$ 2,020,540</b>	<b>\$ 178,756</b>	<b>\$ 2,199,296</b>	<b>\$ 1,915,210</b>

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

## AMIkids Caddo, Inc. Statement of Cash Flows

<i>For the year ended June 30,</i>	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 172,252	\$ (142,311)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	7,943	2,406
(Increase) decrease in:		
Accounts receivable	(176)	8,044
Prepaid expenses and other	58,893	4,434
Due from AMIkids and affiliated institutes	-	2,843
Increase (decrease) in:		
Accounts payable	1,674	(3,910)
Accrued expenses	15,811	11,756
Accrued pension	1,344	-
Due to AMIkids and affiliated institutes	(7,176)	6,701
Net cash and cash equivalents provided by (used in) operating activities	<b>250,565</b>	<b>(110,037)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	<b>(33,215)</b>	-
Net cash and cash equivalents used in investing activities	<b>(33,215)</b>	-
<b>Cash flows from financing activities:</b>		
Proceeds from new borrowings from affiliates	206,000	115,000
Proceeds from new borrowings from third parties	33,215	-
Payments on affiliate notes payable	<b>(200,000)</b>	(6,836)
Payments on capital lease obligations	<b>(7,908)</b>	(2,361)
Net cash and cash equivalents provided by financing activities	<b>31,307</b>	105,803
Net increase (decrease) in cash and cash equivalents	<b>248,657</b>	(4,234)
Cash and cash equivalents at beginning of year	<b>156,089</b>	160,323
Cash and cash equivalents at end of year	<b>\$ 404,746</b>	<b>\$ 156,089</b>
<b>Supplemental disclosure of noncash investing and operating activities:</b>		
Cash paid for interest	\$ 22,983	\$ 17,980

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

AMIkids Caddo, Inc. (the “School”), a Louisiana not-for-profit corporation, was formed exclusively for educational purposes. The School has entered into a Type 1 charter school contract with Caddo Parish School Board (CPSB) to operate the School in Caddo Parish, Louisiana. The School serves sixth to eighth graders and expelled students from Caddo Parish Public Schools and provides education, treatment, and behavior modification as components of the AMIkids Personal Growth Model<sup>®</sup>. These services are performed by the School, which is one of over forty affiliated, but independently governed member schools located in Alabama, Florida, Georgia, Louisiana, New Mexico, North Carolina, South Carolina, Texas and Virginia. The School’s educational component is accredited by Cognia, a global accrediting agency dedicated to advancing excellence in schools, universities, and educational agencies. AMIkids, Inc. (“AMIkids”) is located in Florida and executes the contracts, collects funds, coordinates the operations and manages the record keeping of these member Schools and schools through a subcontract agreement between AMIkids and the School. The School’s operating funds were primarily generated from state contracts and federal and local funds. Continued operation of the School’s foster care program is dependent on continued funding from local agencies as well as financial and other support from AMIkids.

The School is an independent non-profit entity, separate and distinct from the Caddo Parish School Board, the primary government and reporting entity. However, the School is a component unit of CPSB and the School’s financial statements are included in the CPSB’s basic financial statements as a component unit.

***Use of Estimates***

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates and such differences could be material.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Presentation***

The accompanying financial statements are presented on the accrual basis of accounting. Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

*Net Assets Without Donor Restriction:* Include net assets that are not subject to donor-imposed stipulations and net assets that have been designated for a specific purpose by the Board of Directors.

*Net Assets With Donor Restrictions:* Include gifts for which donor-imposed restrictions due to time or purpose have not yet been met and gifts that require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions, as applicable.

***Cash and Cash Equivalents***

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

Cash is maintained in bank deposit accounts, which at times may exceed federally insured limits. The School believes it is not exposed to any significant credit risk in these accounts.

***Accounts Receivable***

Accounts receivable consists primarily of receivables from federal agencies and county school boards. The School 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. The Institute considers its accounts receivable to be fully collectible and therefore, has not recorded an allowance for doubtful accounts. Amounts becoming uncollectible will be charged against the allowance for doubtful accounts when that determination is made.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property and Equipment***

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. 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 the School by a funding agency are stated at estimated fair value at date of transfer. Property transferred or acquired with grant funds may revert to the funding agency should the School no longer provide the rehabilitation 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 is calculated using the straight-line method over the following estimated useful lives of the assets:

Furniture, fixtures and equipment	3-5 years
Motor vehicles	3-5 years

***Impairment of Long-Lived Assets***

The School 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.

***Public Support and Revenue***

Public support is primarily from the School's contract with the Caddo Parish School System. Other public support represents amounts received from federal and local sources.

A significant portion of AMIkids's and the School's grants and 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. Funds from exchange transactions received in advance of revenue recognition are recorded as deferred revenue.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Institute reports gifts 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 restriction are reclassified to net assets without donor restriction and reported in the 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 year ended June 30, 2020 and 2019, donated services were not material to the financial statements.

***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***

Under section 501(c)(3) of the Internal Revenue Code, the Institute is exempt from taxes on income other than unrelated business income.

The Institute utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2020 and 2019, the Institute has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

**AMIkids Caddo, Inc.**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2020. See Note 11 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 School's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**NOTE 3: PROPERTY AND EQUIPMENT**

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

	<b>2020</b>	<b>2019</b>
Furniture, fixtures and equipment	\$ 12,035	\$ 12,035
Motor vehicles	33,215	-
	<b>45,250</b>	12,035
Less accumulated depreciation	<b>(14,762)</b>	(6,819)
	<b>\$ 30,488</b>	<b>\$ 5,216</b>

**NOTE 4: CAPITAL LEASES**

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



**AMIkids Caddo, Inc.**  
**Notes to Financial Statements**

**NOTE 4: CAPITAL LEASES (Continued)**

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

	2020	2019
Machinery and Equipment	\$ 12,035	\$ 12,035
Motor Vehicles	33,215	-
Less: Accumulated Depreciation	(14,762)	(6,819)
Total included in property and equipment	\$ 30,488	\$ 5,216

Future minimum payments under capital lease are as follows:

<u>Year Ending June 30,</u>		
2021	\$	13,404
2022		10,724
2023		10,476
2024		3,492
Total minimum lease payments		38,096
Less amounts representing interest		(6,982)
Present value of minimum lease payments	\$	31,114

**NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30 are available for the following purposes:

	2020	2019
Other	\$ 509	\$ 1,085

Net assets were released from donor restrictions during 2020 and 2019 by occurrence of events specified by donors as follows:

	2020	2019
Experiential services	\$ 2,000	\$ -
Other	576	-
	\$ 2,576	\$ -

**AMIkids Caddo, Inc.**  
**Notes to Financial Statements**

**NOTE 6: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Institute’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<b>As of June 30,</b>	<b>2020</b>
Cash and cash equivalents	\$ 404,746
Accounts receivable	3,750
Total	408,496
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(509)
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 407,987

The Institute prepares an annual budget that is approved by the Board of Directors 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 the Institute 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 the Institute liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Institute has available intercompany short-term notes payable, which it could draw upon. The amount available would be sufficient to cover any deficit in available financial assets below general expenditures within the next fiscal year.

**NOTE 7: RELATED PARTY TRANSACTIONS**

As stated in Note 1, AMIkids executes the contracts, collects funds, coordinates the operations and manages the record keeping of the School and remits these funds to the School on a monthly basis in accordance with the subcontract agreement. For providing these and other services, AMIkids was paid \$277,780 and \$207,744 in fiscal 2020 and 2019, respectively, which was recorded as management fee and other expense included in program services and management and general in the accompanying statement of functional expenses.

**AMIkids Caddo, Inc.**  
**Notes to Financial Statements**

**NOTE 7: RELATED PARTY TRANSACTIONS (Continued)**

The School periodically enters into transactions with AMIkids and affiliated Schools for intercompany billings of common costs and services received or rendered. The School may also enter into other financing transactions with AMIkids. Except as noted below, these amounts are non-interest bearing and have no maturity date or collateral.

Due to AMIkids and affiliated Schools at June 30, 2020 and 2019 consists of:

	2020	2019
Affiliate trade payables	\$ 50,150	\$ 57,325
Notes payable to AMIkids, due January 2021 interest charges accruing at 2.6% per annum, unsecured	427,800	421,801
	\$ 477,950	\$ 479,126

**NOTE 8: PENSION PLAN**

AMIkids maintains a noncontributory defined contribution money purchase 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 compensation for the year. The pension expense for the year ended June 30, 2020 and 2019 totaled \$45,030 and \$26,555, respectively.

**NOTE 9: CONTINGENCIES**

A substantial portion of AMIkids and the School’s public support is derived from programs supported by various funding agencies. Under the terms of the agreements with these funding agencies, AMIkids’s and the School’s financial records are subject to audit by the appropriate governmental authorities. Depending upon the results of these audits, if any, funds may be required to be refunded to the appropriate funding agency. In the opinion of AMIkids and the School’s management, no public support funds will be required to be refunded. Accordingly, no provision for such contingency has been made in these financial statements.

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

**NOTE 9: CONTINGENCIES (Continued)**

The School had negative net asset without donor restrictions of \$318,669 at June 30, 2019 with an increase in net assets of \$172,252 for the year ended June 30, 2020 resulting in a negative net assets without donor restrictions of \$146,926 at June 30, 2020.

The ability of the School to continue as a going concern is dependent on the support of AMIkids, Inc. It is the intention of AMIkids, Inc. to continue to support the operations of the School and provide working capital as needed to the extent the Institute remains in compliance with its AMIkids, Inc. contract.

**NOTE 10: CONCENTRATIONS OF CREDIT RISK**

The Institute maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by approximately \$155,000 at June 30, 2020.

**NOTE 11: 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.



**SUPPLEMENTAL INFORMATION**



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

**Agency Head Name:**  
 Gwendolyn Hamilton

<b>Purpose</b>	<b>June 30, 2020</b>
Salary	\$ 76,800
Benefits-Retirement	11,520
Travel	968
Other	487
<b>Total</b>	<b>\$ 89,775</b>

**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**

The Board of Trustees  
AMIkids Caddo, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AMIkids Caddo, Inc. (the "School"), a charter school and component unit of the District School Board of Caddo Parish, Louisiana, which comprise the 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 October 29, 2020.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
October 29, 2020