

## **AMIkids, Inc. and Affiliates**

### **COMBINED FINANCIAL STATEMENTS AND SCHEDULES**

**Year ended June 30, 2024**

**(With comparative information for 2023)**

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# REPORT





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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
AMikids, Inc.

### Report on the Audit of the Financial Statements

#### ***Opinion***

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, 2024, 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.

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, 2024, 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.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

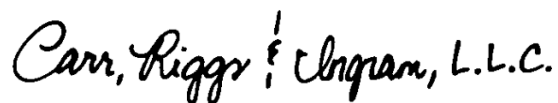
Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules, as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information 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 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 December 4, 2024, 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' 2023 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida

December 4, 2024



# FINANCIAL STATEMENTS



**AMIkids, Inc. and Affiliates**  
**Combined Statements of Financial Position**

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 30,181,865	\$ 27,119,608
Investments	4,914,467	3,844,688
Accounts receivable:		
Funding agencies	6,317,461	5,054,217
Other	224,290	1,052,099
Contributions receivable	63,822	109,292
Prepaid expenses and other assets	2,834,174	2,751,065
Assets held for sale	183,626	183,626
Boat inventory	9,108,445	6,304,865
Boats under lease	19,391,499	22,614,207
Beneficial interest in assets held by others	656,178	593,572
Operating lease right-of-use assets, net	931,783	814,677
Finance lease right-of-use assets, net	668,809	682,918
Property and equipment, net	12,442,895	12,396,936
<b>Total assets</b>	<b>\$ 87,919,314</b>	<b>\$ 83,521,770</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Lines of credit	\$ 6,250,000	\$ 6,250,000
Accounts payable	1,425,145	846,748
Accrued expenses	11,561,823	10,259,314
Accrued pension	2,800,189	2,547,878
Deferred revenues	4,346,623	4,754,318
Refundable advances	295,960	62,991
Security deposits	4,565,663	6,081,728
Operating lease liabilities	833,618	815,018
Finance lease liabilities	556,158	681,296
Notes payable	2,624,945	2,498,656
<b>Total liabilities</b>	<b>35,260,124</b>	<b>34,797,947</b>
<b>Net assets:</b>		
Without donor restrictions	44,549,379	41,220,000
With donor restrictions	8,109,811	7,503,823
<b>Total net assets</b>	<b>52,659,190</b>	<b>48,723,823</b>
<b>Total liabilities and net assets</b>	<b>\$ 87,919,314</b>	<b>\$ 83,521,770</b>

*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	2024 Total	2023 Summarized Total
<b>Public support and revenue</b>				
Federal support	\$ 6,778,901	\$ -	\$ 6,778,901	\$ 4,922,263
State support	48,698,531	-	48,698,531	43,203,947
Regional revenue	7,098,381	-	7,098,381	6,191,639
Nongovernmental	251,825	28,500	280,325	234,187
Service revenue	717,468	-	717,468	910,330
Contributions	2,641,345	3,186,570	5,827,915	5,571,581
Total public support	66,186,451	3,215,070	69,401,521	61,033,947
Revenue:				
Boat program	29,034,786	-	29,034,786	19,773,774
Investment income	1,313,687	35,765	1,349,452	691,919
Other	466,090	-	466,090	1,111,150
Total revenue	30,814,563	35,765	30,850,328	21,576,843
Net assets released from restrictions	2,644,847	(2,644,847)	-	-
Total public support and revenue	99,645,861	605,988	100,251,849	82,610,790
<b>Expenses</b>				
Program services	64,188,304	-	64,188,304	57,770,590
Boat program	23,421,817	-	23,421,817	15,456,508
Management and general	7,871,903	-	7,871,903	7,691,887
Fundraising	834,458	-	834,458	741,380
Total expenses	96,316,482	-	96,316,482	81,660,365
<b>Change in net assets</b>	3,329,379	605,988	3,935,367	950,425
Net assets, beginning of year	41,220,000	7,503,823	48,723,823	47,773,398
Net assets, end of year	\$ 44,549,379	\$ 8,109,811	\$ 52,659,190	\$ 48,723,823

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

## AMIkids, Inc. and Affiliates

### Combined Statements of Functional Expenses

	Program Services						Supporting Services				2024 Total	2023 Summarized Total
	Residential Treatment	Day Treatment	Family Services	Service Coordination	Other	Programs subtotal	Boat Program	Management and General	Fundraising	Support Services subtotal		
<i>For the years ended June 30,</i>												
Direct	\$ 2,311,118	\$ 2,178,386	\$ 42,455	\$ 10	\$ -	\$ 4,531,969	\$ 3,798	\$ 216	\$ -	\$ 4,014	\$ 4,535,983	\$ 3,615,592
Salary and Wages	14,044,417	12,762,413	3,465,496	487,377	-	30,759,703	747,284	3,081,738	491,595	4,320,617	35,080,320	31,994,529
Payroll Benefits	2,042,996	1,564,396	517,812	56,095	-	4,181,299	133,614	779,324	79,076	992,014	5,173,313	5,451,282
Payroll Taxes	1,046,048	954,890	252,582	38,468	-	2,291,988	36,987	218,762	39,803	295,552	2,587,540	2,386,004
Professional Fees	152,246	449,763	116,621	42,967	-	761,597	793,825	1,193,767	97,900	2,085,492	2,847,089	2,953,595
Grants Awarded Expense	37,140	110,853	-	9,001,659	-	9,149,652	-	-	-	-	9,149,652	5,948,232
Advertising and Promotion	2,651	62,211	614	-	-	65,476	29,438	4,974	1,495	35,907	101,383	199,461
Amortization	21,878	240,008	992	-	-	262,878	24,288	865	-	25,153	288,031	245,298
Provision for Credit Losses and Other Losses	-	-	-	-	-	-	-	294,656	-	294,656	294,656	112,088
Fundraising Fees	56,421	57,056	19	-	-	113,496	98	-	1,308	1,406	114,902	104,500
Conferences, Conventions, and Meetings	265,400	257,552	306,942	5,195	-	835,089	2,197	552,184	24,505	578,886	1,413,975	1,231,179
Depreciation	441,576	762,140	17,993	52,624	256,882	1,531,215	81,957	91,667	-	173,624	1,704,839	1,407,168
Facilities	463,372	408,784	96,630	7,824	-	976,610	-	40,720	-	40,720	1,017,330	1,146,825
Insurance	1,162,388	1,389,100	343,151	36,765	4,013	2,935,417	595,663	334,759	-	930,422	3,865,839	3,858,103
Interest Expense and Bank Charges	-	-	-	-	276	276	497,929	284,417	2,108	784,454	784,730	621,179
Office Supplies	23,297	57,127	1,492	-	6,083	87,999	106,746	298,414	13,398	418,558	506,557	347,201
Other Expenses	735,683	719,302	111,146	10,373	-	1,576,504	1,252,692	484,315	53,541	1,790,548	3,367,052	2,650,462
Repairs and Maintenance	1,001,287	868,455	12,231	-	558	1,882,531	1,269,010	116,931	2,484	1,388,425	3,270,956	3,077,694
Taxes	87,547	7,202	904	-	3,872	99,525	12,338	2,362	-	14,700	114,225	97,113
Telecommunication	127,665	145,855	61,505	5,555	-	340,580	4,925	11,724	1,407	18,056	358,636	385,581
Travel Expenses	392,570	187,265	310,558	7,527	-	897,920	249,128	44,487	25,838	319,453	1,217,373	1,132,853
Utilities	588,487	307,224	8,983	1,886	-	906,580	16,687	35,621	-	52,308	958,888	1,121,270
Commissions	-	-	-	-	-	-	4,264,837	-	-	4,264,837	4,264,837	2,386,487
Dockage	-	-	-	-	-	-	501,844	-	-	501,844	501,844	260,942
Amortization or boats on charter	-	-	-	-	-	-	4,791,839	-	-	4,791,839	4,791,839	6,112,383
Cost of sales	-	-	-	-	-	-	8,004,693	-	-	8,004,693	8,004,693	2,813,344
<b>Total Expenses</b>	<b>\$ 25,004,187</b>	<b>\$ 23,489,982</b>	<b>\$ 5,668,126</b>	<b>\$ 9,754,325</b>	<b>\$ 271,684</b>	<b>\$ 64,188,304</b>	<b>\$ 23,421,817</b>	<b>\$ 7,871,903</b>	<b>\$ 834,458</b>	<b>\$ 32,128,178</b>	<b>\$ 96,316,482</b>	<b>\$ 81,660,365</b>

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

## AMKids, Inc. and Affiliates

### Combined Statements of Cash Flows

<i>For the years ended June 30,</i>	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Change in net assets	\$ 3,935,367	\$ 950,425
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	6,784,709	7,764,849
Net loss/(gain) on disposal/impairment of property and equipment and assets held for sale	(59,418)	18,188
Donated boat inventory	(11,848,785)	(7,909,943)
Donated property and equipment	(149,683)	-
Unrealized gains on investments	(682,484)	(274,863)
Provision for credit losses	294,656	112,088
(Increase) decrease in:		
Accounts receivable	(730,091)	(1,563,083)
Contributions receivable	45,470	295,021
Prepaid expenses and other assets	(83,109)	571,591
Boats under lease	7,476,074	3,485,540
Increase (decrease) in:		
Accounts payable	578,397	(413,771)
Accrued expenses	1,302,509	1,591,557
Operating lease liabilities	68,268	340
Accrued pension	252,311	181,087
Deferred revenues	(407,695)	(1,672,462)
Refundable advances	232,969	20,000
Security deposits	(1,516,065)	(630,960)
Net cash and cash equivalents provided by operating activities	5,493,400	2,525,604
Cash flows from investing activities:		
Purchases of property and equipment	(1,903,027)	(1,665,340)
Proceeds from sale of property and equipment and assets held for sale	264,353	142,339
Proceeds from sale of investments	179,509	259
Purchases of investments	(629,410)	(238,574)
Net cash and cash equivalents used in investing activities	(2,088,575)	(1,761,316)
Cash flows from financing activities:		
Net borrowings (repayments) on lines of credit	-	1,219,990
Proceeds from new borrowings from third parties	2,496,505	2,102,345
Payments on notes payable	(2,370,216)	(2,932,464)
Payments on finance lease liabilities	(468,857)	(403,462)
Net cash and cash equivalents used in financing activities	(342,568)	(13,591)
Net increase in cash and cash equivalents	3,062,257	750,697
Cash and cash equivalents at beginning of year	27,119,608	26,368,911
Cash and cash equivalents at end of year	\$ 30,181,865	\$ 27,119,608
Cash paid for interest	\$ 784,730	\$ 621,179
Supplemental disclosure of noncash investing and financing activities:		
Lease liabilities arising from obtaining right-of-use assets		
Operating lease	\$ 224,554	\$ 946,970
Finance lease	\$ 343,719	\$ 629,274

*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., AMIkids Foundation, 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<sup>®</sup>. 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 are 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 maintains the records 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’ 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.

##### **Net Assets**

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)**

**Net Assets (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 U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and 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 credit losses, fair value of investments and net realizable value of boat inventory.

**Program Services**

The Organization's program services consist of the following:

*Residential treatment* - As an alternative to prison or an institutional setting for youth that have committed crimes, AMIkids' juvenile justice residential programs combine education, behavior modification, and mental health treatment to address the needs of troubled youth. AMIkids' programs help youth redirect their lives. This produces safer communities and youth who become successful tax paying members of society. AMIkids' juvenile justice residential programs provide intensive guidance and round-the-clock staff-secure supervision, attention and care. The average length of stay is six months, but some youth stay up to twelve months.

## AMIkids, Inc. and Affiliates

### Notes to Combined Financial Statements

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

AMIkids' child welfare residential programs provide services to youth who struggle with acclimating to the foster care system and society in general. Youth are given the opportunity to transform their lives through positive and motivating programming that inspires learning, leadership and personal growth. Caring, positive staff role models provide youth with the tools they need to transition into successful home placement or an independent living program

*Day treatment* - Youth are referred to the AMIkids' day programs by juvenile justice agencies, school districts, the courts, foster care agencies, parents, or they self-enroll. Youth live at home while in AMIkids day programs and this gives our staff the opportunity to address current issues in both the home and neighborhood. Youth attend three to five days per week for a period ranging from approximately four months to a year. Gender specific and/or evidenced-based intervention models are combined with education to address the educational, behavioral, and mental health needs that have kept youth from becoming productive members of their local communities. Youth participate in community service projects and are taught the value of being productive members of their communities.

*Family services* - the functional family therapy programs help over 600 youth and their families each year to improve family dynamics, communication and support, while decreasing negativity and dysfunctional patterns of behavior. This involves working with parents on developing parenting skills, improving family communications, controlling critical risk factors, and developing positive social behaviors. The FFT programs are highly successful in helping youth develop into responsible and productive citizens with improved family dynamics.

*Service coordination* – AMIkids' service coordination programs partners with local or state agencies to develop and manage a continuum of community based and residential services from subcontracted direct service providers. Currently, AMIkids provides regional service coordination for the Virginia Department of Juvenile Justice as part of their transformation initiative.

#### 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 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 credit losses when that determination is made.

**Contributions Receivable**

Unconditional promises to give the Organization in cash or other assets in the future are recorded as contribution 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 contribution revenue and receivable are discounted for the time value of money (i.e., net present value) at a discount rate of 3.3% for June 30, 2024 and 2023. Management estimates the allowance for uncollectible promises based on historical write-offs. Management writes off contributions receivable as identified.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

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

**Contributions Receivable (Continued)**

In accordance with general accepted accounting principles, 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 Organization has not elected the fair value option. The discount amortization is recognized as contribution revenue in subsequent years.

**Boat Inventory**

Boat inventory is recorded at net realizable value, as of June 30, 2024 and 2023, and was \$9,108,445 and \$6,304,865, 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, 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. Lease commission and inventory value are deferred and amortized over the life of the lease and other direct costs are expensed as incurred.



**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

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

**Boats under Lease (Continued)**

Future minimum lease payments due under operating leases during fiscal years 2025, 2026 and 2027 are approximately \$2,826,000, \$1,936,000 and \$1,047,000, respectively. At June 30, 2024 and 2023, the unexercised purchase options were approximately \$7,684,000 and \$11,758,000, respectively. The gross value and accumulated amortization on leased property as of June 30, 2024 was \$23,257,478 and \$4,990,651, respectively. The net leased property of \$19,433,319 includes \$1,166,492 of unamortized commission. The gross value and accumulated amortization on leased property as of June 30, 2023 was \$32,553,113 and \$11,001,727, respectively. The net leased property of \$22,614,207 includes \$1,062,821 of unamortized commission. Amortization of boats under lease amounted to approximately \$4,796,000 and \$6,112,000 for the years ended June 30, 2024 and 2023, respectively. Amortization does not include the book value of boats optioned or sold to buyers, which was approximately \$7,744,693 and \$2,439,368 for the years ended June 30, 2024 and 2023, respectively.

**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

## AMIkids, Inc. and Affiliates

### Notes to Combined Financial Statements

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

##### Assets Held for Sale

As of June 30, 2024 and 2023, 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 statements of financial position:

Institute	Property held for sale as of June 30,	2024	2023
Gainesville	Land, buildings and improvements	\$ 63,626	\$ 63,626
Virginia Wilderness	Land, buildings and improvements	120,000	120,000
		\$ 183,626	\$ 183,626

##### 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 short-term boat lease payments and boat option fees collected in advance of revenue recognition.

##### Refundable Advances

Refundable advances are related to grant funding received in advance of incurring the related expenses.

##### Leases

The Organization leases office space, equipment, and vehicles. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the combined statements of financial position. Finance leases are included in finance lease right-of-use (ROU) assets and finance lease liabilities on the combined statements of financial position.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

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

**Leases (Continued)**

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, the Organization uses the incremental borrowing rate. The incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the Organization's assets. Determining a credit spread as secured by the Organization's assets may require significant judgment.

In evaluating contracts to determine if they qualify as a lease, Management considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

**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 \$443,000 and \$430,000 for the years ended June 30, 2024 and 2023, 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 AMIkids' contracts with various state agencies. Contracts with state agencies generally provide funding based on client service days. Other public support represents amounts received from federal and local sources.

## **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' and the Institute's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Public support contracts are analyzed for measurable performance-related barriers or other measurable barriers, primarily client service days or expenditure of resources on allowable costs. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as deferred revenues.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions are initially recorded as increases in net assets with donor 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, 2024 and 2023, donated services were approximately \$153,000 and \$131,000, respectively.

##### **Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs 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., AMIkids Foundation, 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 lease 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 statements 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.

**Recent Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Organization adopted ASU 2016-13 on July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

**Subsequent Events**

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, December 4, 2024. See Note 20 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these combined financial statements.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined 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, 2023, from which the summarized information was derived.

**NOTE 3: CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2024 are summarized as follows:

Expected receipt of contribution in:	2024	2023
2024		77,994
2025	45,079	48,000
2026	20,000	
Gross contributions receivable	65,079	125,994
Less allowance for credit losses	(1,257)	(16,702)
Net contributions receivable	\$ 63,822	\$ 109,292

**NOTE 4: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

**Board Designated Funds**

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.

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 funds are considered net assets with donor restrictions. The Organization has the ability to distribute all dividends and interest less investment fees for educational services and to support the AMIkids organization.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

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

**Donor Restricted Funds**

The activity for the beneficial interest in assets held by others for the years ended June 30, 2024 and 2023 is the following:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2023			
Board designated funds	\$ 99,235	\$ -	\$ 99,235
Donor restricted funds	-	494,337	494,337
Total	\$ 99,235	\$ 494,337	\$ 593,572
June 30, 2024			
Board designated funds	\$ 112,008	\$ -	\$ 112,008
Donor restricted funds	-	544,170	544,170
Total	\$ 112,008	\$ 544,170	\$ 656,178

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022	\$ 90,284	\$ 451,153	\$ 541,437
Net depreciation (realized and unrealized)	8,951	43,184	52,135
June 30, 2023	99,235	494,337	593,572
Net appreciation (realized and unrealized)	12,773	49,833	62,606
June 30, 2024	\$ 112,008	\$ 544,170	\$ 656,178

## AMKids, 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, 2024 and 2023.

#### **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 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 4.



# AMKids, Inc. and Affiliates

## Notes to Combined Financial Statements

### NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

The following tables present assets measured at fair value on a recurring basis for the years ended June 30, 2024 and 2023, respectively:

		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)
<b>June 30, 2024</b>	<b>Fair Value</b>			
<b>Assets</b>				
Investments				
Certificates of deposits	\$ 515,262	\$ 515,262	\$ -	\$ -
Pooled equity funds	772,752	772,752	-	-
Pooled fixed income funds	660,508	660,508	-	-
Equity securities	2,965,945	2,965,945	-	-
Total investments	4,914,467	4,914,467	-	-
Beneficial interest in assets held by others	656,178	-	-	656,178
Total	\$ 5,570,645	\$ 4,914,467	\$ -	\$ 656,178

		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)
<b>June 30, 2023</b>	<b>Fair Value</b>			
<b>Assets</b>				
Investments				
Certificates of deposits	\$ 57,325	\$ 57,325	\$ -	\$ -
Pooled equity funds	3,207,140	3,207,140	-	-
Pooled fixed income funds	132,904	132,904	-	-
Equity securities	447,319	447,319	-	-
Total investments	3,844,688	3,844,688	-	-
Beneficial interest in assets held by others	593,572	-	-	593,572
Total	\$ 4,438,260	\$ 3,844,688	\$ -	\$ 593,572

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2024 and 2023 consist of:

	2024	2023
Land and permanent site improvements	\$ 3,270,937	\$ 3,344,067
Buildings and leasehold improvements	20,962,342	22,035,619
Furniture, fixtures and equipment	5,077,472	7,434,149
Motor vehicles	1,708,242	1,693,600
Boats, motors and trailers	1,341,897	1,395,042
Swimming pools	370,942	370,942
Software	2,983,054	2,983,054
Construction in progress	994,191	693,432
	<b>36,709,077</b>	<b>39,949,905</b>
Less accumulated depreciation and amortization	<b>(24,266,182)</b>	<b>(27,552,969)</b>
Total property and equipment, net	<b>\$ 12,442,895</b>	<b>\$ 12,396,936</b>

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.

**NOTE 7: LINES OF CREDIT**

Lines of credit at June 30, 2024 and 2023 consist of:

Entity	2024	2023
<b>AMIkids, Inc.</b> Line of credit, maximum available \$3,000,000, interest at the Adjusted Term Secured Overnight Financing Rate (SOFR) rate but no less than 2.14% (interest rate at June 30, 2024 and 2023 was 7.47% and 7.24%, respectively); matures September 8, 2024; collateralized by accounts receivable from government receivables with carrying value of approximately \$3,500,000.	\$ -	\$ -
<b>AMIkids, Inc.</b> Line of credit, maximum available \$8,000,000, interest at the Adjusted Term SOFR rate but no less than 2.14% (interest rate at June 30, 2024 and 2023 was 7.47% and 7.27%, respectively); matures September 8, 2024; collateralized by charter receivables and vessels with carrying value of approximately \$14,800,000.	6,250,000	6,250,000
<b>Total Borrowings on Lines of Credit</b>	<b>\$ 6,250,000</b>	<b>\$ 6,250,000</b>

## AMIkids, Inc. and Affiliates

### Notes to Combined Financial Statements

#### NOTE 7: LINES OF CREDIT (Continued)

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, 2024 and 2023, the Organization had a borrowing capacity of \$11,000,000 under lines of credit subject to availability based on asset levels. The actual amount available based on assets levels as of June 30, 2024 and 2023 in excess of the amount utilized was approximately \$4,750,000 and \$4,750,000, 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, 2024 and 2023.

#### NOTE 8: NOTES PAYABLE

Notes payable at June 30, 2024 and 2023 consists of:

Entity	2024	2023
<b>AMIkids, Inc.</b>		
Mortgage payable bearing interest equal to the Adjusted Term SOFR rate but no less than 2.05%, (interest rate at June 30, 2024 and 2023 was 7.37% and 7.20%, respectively) with monthly installments of \$13,889 plus interest, Due in February 2033, collateralized by real properties in Pinellas and Hillsborough Counties, with carrying value of approximately \$321,000	\$ 1,458,333	\$ 1,625,000
<b>AMIkids, Inc.</b>		
Insurance premium financing bearing interest of 7.60%; monthly installments of \$60,567.05 plus interest; due April, 2024	-	528,235
<b>AMIkids, Inc.</b>		
Insurance premium financing bearing interest of 7.70%; monthly installments of \$61,113 plus interest; due April, 2025	590,109	-
<b>AMIkids, Inc.</b>		
Insurance premium financing bearing interest of 8.86%; monthly installments of \$27,621 plus interest; due May, 2025	265,324	-
<b>Jacksonville</b>		
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 \$475,000, and guaranteed by AMIkids, Inc.	311,179	345,421
<b>Total Notes Payable</b>	<b>\$ 2,624,945</b>	<b>\$ 2,498,656</b>

**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, 2024 are as follows:

Year ending June 30,	
2025	\$ 1,057,068
2026	203,114
2027	204,656
2028	206,263
2029	201,635
Thereafter	752,209
	<u>\$ 2,624,945</u>

**NOTE 9: LEASES**

The Organization has operating and finance leases for office space, vehicles and equipment. The leases have remaining lease terms of 1 to 11 years, some of which may include options to extend the leases for up to 5 years, and some of which may include options to terminate the leases within 1 year. As of June 30, 2024 and 2023, assets recorded under finance leases were \$1,374,093 and 1,388,760, respectively, and accumulated depreciation associated with finance leases was \$705,284 and \$705,845, respectively. As of June 30, 2024 and 2023, assets recorded under operating leases were \$1,265,630 and \$946,970, respectively, and accumulated depreciation associated with operating leases was \$333,847 and \$132,293, respectively.

The components of lease expense consist of the following:

<i>For the years ended June 30,</i>	<b>2024</b>	<b>2023</b>
Operating lease cost	<b>\$ 287,490</b>	\$ 159,057
Short-term lease cost	<b>\$ 286,660</b>	\$ 481,827
Finance lease cost		
Amortization of right-of-use assets	<b>\$ 288,031</b>	\$ 242,802
Interest on lease liabilities	<b>49,779</b>	18,784
Total finance lease cost	<b>\$ 337,810</b>	\$ 261,586

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

**NOTE 9: LEASES (Continued)**

Other information released to leases was as follows:

<i>For the years ended June 30,</i>	<b>2024</b>	2023
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Supplemental Cash Flow Information

Cash paid for amounts included in the measurement of  
lease liabilities:

Operating cash flows from operating leases	\$	<b>237,285</b>	\$	162,435
Financing cash flows from finance leases	\$	<b>468,854</b>	\$	403,458

Weighted average remaining lease term and discount rates consist of the following:

<i>For the years ended December 31,</i>	<b>2024</b>	2023
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Weighted average remaining lease term

Operating leases	<b>3 years</b>	3 years
Finance leases	<b>3 years</b>	2 years

Weighted average discount rate

Operating leases	<b>6.3%</b>	5.8%
Finance leases	<b>6.8%</b>	5.9%

The maturities of lease liabilities subsequent to June 30, 2024 consist of the following:

<i>For the years ended June 30,</i>	Operating Lease Liabilities	Finance Lease Liabilities	Total
2025	\$ 227,471	\$ 201,482	\$ 428,953
2026	193,595	197,158	390,753
2027	144,541	181,261	325,802
2028	135,212	13,897	149,109
2029	41,495	114	41,609
Thereafter	108,388	-	108,388
Total future minimum lease payments	850,702	593,912	1,444,614
Less imputed interest	(17,084)	(37,754)	(54,838)
Present value of lease liabilities	\$ 833,618	\$ 556,158	\$ 1,389,776

Reported as of June 30, 2024

Other liabilities	\$ 34,426,506	\$ 33,982,929
Operating lease liabilities	<b>833,618</b>	815,018
Total liabilities	<b>\$ 35,260,124</b>	\$ 34,797,947

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

**NOTE 10: ACCRUED EXPENSES**

Accrued expenses at June 30, 2024 and 2023 consist of:

	2024	2023
Workers compensation self-funded reserve	\$ 2,147,204	\$ 2,189,402
Vehicle and other self-funded reserves	579,859	782,373
Medical self-funded reserve	862,808	664,174
Other self-insurance reserves	2,224,550	1,591,022
Accrued payroll	2,478,166	1,930,324
Accrued vacation	487,250	401,319
Accrued severance and unemployment	4,721	3,198
Accrued provider payments	889,816	1,196,020
Boat finder's fees	596,942	238,867
Other accruals	1,290,507	1,262,615
Total accrued expenses	\$ 11,561,823	\$ 10,259,314

**NOTE 11: RESTRICTIONS AND LIMITATIONS ON NET ASSETS**

Net assets with donor restrictions consist of the following at June 30, 2024 and 2023:

	2024	2023
Education / Scholarship	\$ 1,295,327	\$ 1,087,233
Experiential Activities	512,637	426,542
Building / Equipment	975,648	1,326,698
Girls Initiative Program	371,535	371,535
Mental health	941,543	480,276
Workforce development	2,678,571	1,842,685
Other	630,207	1,300,183
Endowment	704,343	668,671
Total net assets with donor restrictions	\$ 8,109,811	\$ 7,503,823

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

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

**NOTE 11: RESTRICTIONS AND LIMITATIONS ON NET ASSETS (Continued)**

Net assets were released from donor restrictions by occurrence of events specified by donors as follows for the years ended June 30, 2024 and 2023.

	2024	2023
Education / Scholarship	\$ 407,520	\$ 415,737
Experiential Activities	255,564	117,293
Building / Equipment	359,177	267,350
Mental health	135,593	119,582
Workforce development	815,466	466,899
Other	671,527	699,158
	<u>\$ 2,644,847</u>	<u>\$ 2,086,019</u>

**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.

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.

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

**NOTE 12: ENDOWMENTS (Continued)**

*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.

Endowment net asset composition by type of fund follows:

<i>June 30,</i>		<b>2024</b>		2023
Endowment funds with donor restrictions	\$	<b>695,885</b>	\$	668,671
Board-designated endowment funds without donor restrictions		<b>300,000</b>		300,000
Total endowment funds	\$	<b>995,885</b>	\$	968,671

Changes in endowment net assets follow:

<i>June 30,</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>2024</b>		2023
Endowment net assets -						
July 1,	\$	300,000	\$	668,671	\$	968,671
Contributions	-	-	-	-	-	734,278
Investment (loss) income	-	27,214	27,214	27,214	-	250,000
Endowment net assets -						
June 30,	\$	300,000	\$	695,885	\$	995,885
					\$	968,671



**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:

<b>As of June 30,</b>	<b>2024</b>
Cash and cash equivalents	\$ 30,181,865
Investments	4,914,467
Accounts receivable	6,541,751
Contributions receivable	63,822
Boat lease payments	13,534,926
Beneficial Interest in Assets Held By Others	656,178
<b>Total</b>	<b>55,893,009</b>
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors	(8,109,811)
Boat lease payments	(10,666,718)
Boat security deposits	(4,561,163)
Collateral for insurance reserves	(1,586,505)
Financial assets available within one year to meet cash needs for general expenditures within one year	<b>\$ 30,968,812</b>

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 \$11,000,000, 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 \$-0- and \$667,700 in insurance proceeds for the years ended June 30, 2024 and 2023, respectively, which is recorded in Revenue, Other in the combined statement of activities; no remediation costs for the years ended June 30, 2024 and 2023 were incurred.

**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 \$13,841,000 and \$4,164,000 at June 30, 2024 and 2023, 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, 2024 and 2023 was approximately \$472,000 and \$633,000, respectively. Based on the current operating leases, the annual lease expense is expected to decrease in 2025 due to the closure of the AMIkids Volusia and is expected to remain consistent over the following four 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 \$9,108,445 and \$6,304,865 at June 30, 2024 and 2023, 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 other property and casualty insurance and is responsible for all claims below the deductible level. Management has accrued approximately \$4,951,000 and \$4,560,000 at June 30, 2024 and 2023 respectively, as an estimate of losses on unpaid claims under these insurance policies. These accruals are estimates 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 policies, the Organization has \$783,409 held in a secured collateralized account to support these policies. An additional \$803,096 is held as a deposit with the insurance carrier.

AMIkids is self-funded for group health insurance up to a maximum of \$175,000 per employee. Management has accrued \$731,000 and \$500,000 at June 30, 2024 and 2023, respectively, for estimated claims, including known claims and claims which are estimated to have occurred but which have not yet been reported. This estimate is based on current and historical claims experience and other information obtained from AMIkids' insurance provider. It is reasonably possible that these estimates will change and, if changed, could have a material impact on the Organization's financial position and results of operations. Adjustments to the estimated claims accrual are made when the need for such adjustments becomes apparent.

**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, 2024 and 2023 was approximately \$1,593,000 and \$1,546,000, 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, 2024 and 2023 was approximately \$252,788 and \$210,403, 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 started a new program to provide a safe, temporary trauma-responsive living environment for children and adolescents within a Multi-Service Home setting who need immediate, intensive supportive services in preparation for a long-term placement setting care in Albuquerque, New Mexico with the New Mexico Children, Youth and Families Department. This program operates as a separate location within the AMIkids Sandoval entity.

*Closings and Programmatic Model Changes*

AMIkids ceased operations at AMIkids YES due to the conclusion of the contract.

As a result of a persistent difficulty in hiring qualified team members at AMIkids Rio Grande, AMIkids ceased operations on December 31, 2024.

The facility-based day treatment contracts with the Florida Department of Juvenile Justice (FLDJJ) ended on June 30, 2024. FLDJJ is moving in a new direction and exercised their option to not renew these contracts. AMIkids Volusia and AMIkids Miami-Dade South ceased operations on June 30, 2024 as a result of the non-renewal of the contract, the remaining programs will continue to operate utilizing a different programmatic model. These programs are AMIkids Jacksonville, AMIkids Orlando, AMIkids Miami-Dade North, and AMIkids Gainesville.

The school district contract with AMIkids Duval was not renewed due to significant budget cuts by the school district. AMIkids Duval is now operating as a smaller workforce development program with State and private funding.

AMIkids suspended operations at AMIkids Emerald Coast and AMIkids Southwest Florida while the Organization seeks new funding to provide services in the communities served by these entities.

The Organization paid approximately \$5,604 of severance costs during 2024 related to the closure and programmatic model changes. In addition, approximately \$137,446 has been recorded in accrued expenses as of June 30, 2024 for future payments of unemployment, severance and other payroll costs related to staff terminated pursuant to the closure and programmatic model changes. The total amount expensed during the year ended June 30, 2024 related to one-time termination benefits was approximately \$153,993 and is included in program expenses on the accompanying combined statement of activities. Of this amount, \$143,050 is included in salaries and \$10,943 is included in employee benefits and payroll taxes on the accompanying combined statement of functional expenses

**AMIkids, Inc. and Affiliates**  
**Notes to Combined Financial Statements**

**NOTE 20: SUBSEQUENT EVENTS**

Subsequent to the year ended June 30, 2024, AMIkids ceased operations at AMIkids Virginia, Inc. on September 30, 2024, due to the conclusion of the contract. Additionally, AMIkids entered into a new residential contract with Florida Department of Juvenile Justice for a non-secure residential program for males who are in need of Mental Health Overlay Services (MHOS) in Polk County. AMIkids Polk, Inc. commenced on September 1, 2024.



## SUPPLEMENTARY INFORMATION



**AMikids, Inc. and Affiliates**  
**Schedule I**  
**Combining Schedule - Statement of Financial Position**  
**June 30, 2024**

	AMikids	AMikids Foundation	AMikids Acadiana	AMikids Alabama	AMikids Baton Rouge	AMikids Beaufort	AMikids Behavior Health	AMikids Bennettsville	AMikids Caddo	AMikids Clay County
<b>Assets</b>										
Cash and cash equivalents	\$ 7,164,329	\$ 13,212,901	\$ 82,788	\$ 76,621	\$ 62,056	\$ 1,270,274	\$ 51,864	\$ 65,638	\$ 6,123	\$ 479,541
Investments	924,552	2,041,393	-	-	54,652	-	-	-	-	-
Accounts receivable:										
Funding agencies	4,425,859	-	30,794	-	34,154	49,420	-	6,936	-	93,335
Other	-	-	-	-	-	-	-	-	-	-
Contributions receivable	-	79	-	-	-	25,000	-	-	-	-
Prepaid expenses and other assets	2,318,526	-	22,413	15,181	12,346	24,954	3,504	12,592	8,451	9,030
Due from affiliates	22,944,567	31,221	199,926	56,760	51,600	190,326	125,835	131,017	14,585	83,089
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Boat inventory	9,098,365	-	-	-	-	9,134	-	-	-	-
Boats under lease	19,391,499	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	544,170	-	-	-	-	-	-	-	-
Operating lease right-of-use assets, net	2,561	-	-	7,760	-	-	-	-	-	305,880
Finance lease right-of-use assets, net	75,896	-	-	-	5,268	2,620	-	-	3,624	56,498
Property and equipment, net	2,041,469	-	39,595	11,623	360,750	834,529	6,725	101,121	35,000	43,544
<b>Total assets</b>	<b>\$ 68,387,623</b>	<b>\$ 15,829,764</b>	<b>\$ 375,516</b>	<b>\$ 167,945</b>	<b>\$ 580,826</b>	<b>\$ 2,406,257</b>	<b>\$ 187,928</b>	<b>\$ 317,304</b>	<b>\$ 67,783</b>	<b>\$ 1,070,917</b>
<b>Liabilities and Net Assets</b>										
<b>Liabilities:</b>										
Lines of credit	\$ 6,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	452,189	-	14,215	6,933	5,836	8,360	6,346	4,535	121	28,997
Accrued expenses	14,122,728	4,686	99,479	26,150	44,655	152,001	56,408	79,475	101,495	68,853
Accrued pension	2,735,898	-	1,876	614	397	4,375	1,385	1,117	4,437	2,340
Due to Affiliates	4,339,879	7,095,146	56,802	16,869	20,689	36,315	13,357	57,720	39,928	23,454
Deferred revenues	3,187,084	-	4,449	-	-	5,005	-	-	-	99,422
Refundable advances	295,960	-	-	-	-	-	-	-	-	-
Security deposits	4,561,163	-	-	-	-	-	-	-	-	-
Operating lease liabilities	2,552	-	-	7,963	-	-	-	-	-	305,880
Finance lease liabilities	78,547	-	-	-	5,046	3,380	-	-	4,538	54,136
Notes payable	2,313,766	-	2,978,525	270,932	301,958	-	6,382	1,298,233	382,476	-
<b>Total liabilities</b>	<b>38,339,766</b>	<b>7,099,832</b>	<b>3,155,346</b>	<b>329,461</b>	<b>378,581</b>	<b>209,436</b>	<b>83,878</b>	<b>1,441,080</b>	<b>532,995</b>	<b>583,082</b>
<b>Net assets:</b>										
Without donor restrictions	29,715,490	1,759,335	(2,810,148)	(161,516)	57,633	2,003,394	95,939	(1,126,170)	(476,126)	480,715
Undesignated	-	-	-	-	-	-	-	-	-	-
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-
With donor restrictions	332,367	6,970,597	30,318	-	144,612	193,427	8,111	2,394	10,914	7,120
<b>Total net assets (deficit)</b>	<b>30,047,857</b>	<b>8,729,932</b>	<b>(2,779,830)</b>	<b>(161,516)</b>	<b>202,245</b>	<b>2,196,821</b>	<b>104,050</b>	<b>(1,123,776)</b>	<b>(465,212)</b>	<b>487,835</b>
<b>Total liabilities and net assets</b>	<b>\$ 68,387,623</b>	<b>\$ 15,829,764</b>	<b>\$ 375,516</b>	<b>\$ 167,945</b>	<b>\$ 580,826</b>	<b>\$ 2,406,257</b>	<b>\$ 187,928</b>	<b>\$ 317,304</b>	<b>\$ 67,783</b>	<b>\$ 1,070,917</b>

*See Independent Auditor's Report.*

**AMikids, Inc. and Affiliates**  
**Schedule I**  
**Combining Schedule - Statement of Financial Position (Continued)**  
**June 30, 2024**

	AMikids Duval	AMikids Emerald Coast	AMikids Family Services	AMikids Gadsden Center for Academic Discipline	AMikids Gainesville	AMikids Gateways	AMikids Georgetown	AMikids Georgia	AMikids Georgia Properties	AMikids Greater Ft. Lauderdale
<b>Assets</b>										
Cash and cash equivalents	\$ 76,263	\$ 78,491	\$ 287,405	\$ 143,430	\$ 90,234	\$ 138,863	\$ 26,286	\$ -	\$ -	\$ 84,283
Investments	-	-	-	-	-	-	4,119	-	-	-
Accounts receivable:										
Funding agencies	55,492	1,346	-	-	40,184	5,993	5,893	-	-	24,648
Other	-	-	-	-	-	-	-	-	-	-
Contributions receivable	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	1,817	5,819	13,779	6,049	13,433	8,420	6,977	-	-	3,924
Due from affiliates	15,213	9,744	174,258	161,486	80,342	103,457	134,088	17,886	-	22,554
Assets held for sale	-	-	-	-	63,626	-	-	-	-	-
Boat inventory	-	-	-	-	-	-	-	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-
Operating lease right-of-use assets, net	-	-	-	-	-	-	-	-	-	102,217
Finance lease right-of-use assets, net	-	-	-	940	131,527	4,895	5,730	-	-	166
Property and equipment, net	-	6,025	1,379	1,672	22,791	29,622	228,326	-	1,733,061	77,303
<b>Total assets</b>	<b>\$ 148,785</b>	<b>\$ 101,425</b>	<b>\$ 476,821</b>	<b>\$ 313,577</b>	<b>\$ 442,137</b>	<b>\$ 291,250</b>	<b>\$ 411,419</b>	<b>\$ 17,886</b>	<b>\$ 1,733,061</b>	<b>\$ 315,095</b>
<b>Liabilities and Net Assets</b>										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,268	-	9,045	3,467	4,671	5,767	8,958	-	-	4,798
Accrued expenses	32,489	12,160	81,525	35,426	40,229	58,931	76,328	-	1,208	10,747
Accrued pension	624	160	2,488	1,052	1,060	541	1,527	-	-	288
Due to Affiliates	22,493	8,658	33,026	6,455	58,272	36,683	24,329	-	25,884	10,014
Deferred revenues	-	-	342,591	-	5,560	-	5,652	-	-	-
Refundable advances	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Operating lease liabilities	-	-	-	-	-	-	-	-	-	1,788
Finance lease liabilities	-	-	-	1,022	109,594	5,056	5,877	-	-	186
Notes payable	418,232	682,331	-	-	1,572,814	-	-	-	-	693,333
<b>Total liabilities</b>	<b>475,106</b>	<b>703,309</b>	<b>468,675</b>	<b>47,422</b>	<b>1,792,200</b>	<b>106,978</b>	<b>122,671</b>	<b>-</b>	<b>27,092</b>	<b>721,154</b>
Net assets:										
Without donor restrictions	(326,821)	(759,633)	8,146	260,018	(1,364,089)	184,272	257,285	17,886	1,705,969	(622,906)
Undesignated	-	-	-	-	-	-	-	-	-	-
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-
With donor restrictions	500	157,749	-	6,137	14,026	-	31,463	-	-	216,847
<b>Total net assets (deficit)</b>	<b>(326,321)</b>	<b>(601,884)</b>	<b>8,146</b>	<b>266,155</b>	<b>(1,350,063)</b>	<b>184,272</b>	<b>288,748</b>	<b>17,886</b>	<b>1,705,969</b>	<b>(406,059)</b>
<b>Total liabilities and net assets</b>	<b>\$ 148,785</b>	<b>\$ 101,425</b>	<b>\$ 476,821</b>	<b>\$ 313,577</b>	<b>\$ 442,137</b>	<b>\$ 291,250</b>	<b>\$ 411,419</b>	<b>\$ 17,886</b>	<b>\$ 1,733,061</b>	<b>\$ 315,095</b>

*See Independent Auditor's Report.*



**AMikids, Inc. and Affiliates**  
**Schedule I**  
**Combining Schedule - Statement of Financial Position (Continued)**  
**June 30, 2024**

	AMikids Infinity Marlboro	AMikids Infinity Wake County	AMikids Jacksonville	AMikids Louisiana Properties	AMikids Manatee	AMikids Miami-Dade	AMikids New Mexico	AMikids New Mexico Properties	AMikids North Carolina Family Services	AMikids North Carolina Properties
<b>Assets</b>										
Cash and cash equivalents	\$ 98,609	\$ 132,425	\$ 127,743	\$ -	\$ 1,004,333	\$ 103,627	\$ 2,552	\$ -	\$ 285,824	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Accounts receivable:										
Funding agencies	2,394	152,381	17,206	-	15,883	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Contributions receivable	-	-	38,743	-	-	-	-	-	-	-
Prepaid expenses and other assets	1,705	4,525	11,558	-	5,891	17,874	1,029	-	42,062	-
Due from affiliates	34,900	33,489	164,525	693,838	80,001	397,719	2,263	96,576	2,445,120	1,870
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Boat inventory	-	-	-	-	-	-	-	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	112,008	-	-	-	-	-
Operating lease right-of-use assets, net	-	-	-	-	-	-	-	-	166,546	-
Finance lease right-of-use assets, net	-	-	130,360	-	-	83,682	-	-	-	-
Property and equipment, net	46,265	8,891	472,200	581,097	55,213	29,908	-	402,800	16,027	264,000
<b>Total assets</b>	<b>\$ 183,873</b>	<b>\$ 331,711</b>	<b>\$ 962,335</b>	<b>\$ 1,274,935</b>	<b>\$ 1,273,329</b>	<b>\$ 632,810</b>	<b>\$ 5,844</b>	<b>\$ 499,376</b>	<b>\$ 2,955,579</b>	<b>\$ 265,870</b>
<b>Liabilities and Net Assets</b>										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	635	-	7,006	-	2,863	24,850	-	-	22,829	-
Accrued expenses	39,941	55,861	51,602	1,208	63,519	127,097	-	5,064	107,514	1,208
Accrued pension	1,151	1,761	1,627	-	2,716	4,674	-	-	4,138	-
Due to Affiliates	12,610	13,584	42,479	-	21,740	149,186	-	-	35,644	-
Deferred revenues	-	-	4,220	-	52,787	6,686	-	-	-	2,998
Refundable advances	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	4,500	-	-
Operating lease liabilities	-	-	-	-	-	-	-	-	169,254	-
Finance lease liabilities	-	-	94,919	-	-	41,496	-	-	-	-
Notes payable	-	-	674,078	-	-	-	20,000	-	-	-
<b>Total liabilities</b>	<b>54,337</b>	<b>71,206</b>	<b>875,931</b>	<b>1,208</b>	<b>143,625</b>	<b>353,989</b>	<b>20,000</b>	<b>9,564</b>	<b>339,379</b>	<b>4,206</b>
Net assets:										
Without donor restrictions	117,716	253,765	(200,811)	1,273,727	1,076,446	147,315	(14,156)	456,502	2,616,200	261,664
Undesignated	-	-	-	-	-	-	-	-	-	-
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-
With donor restrictions	11,820	6,740	287,215	-	53,258	131,506	-	33,310	-	-
<b>Total net assets (deficit)</b>	<b>129,536</b>	<b>260,505</b>	<b>86,404</b>	<b>1,273,727</b>	<b>1,129,704</b>	<b>278,821</b>	<b>(14,156)</b>	<b>489,812</b>	<b>2,616,200</b>	<b>261,664</b>
<b>Total liabilities and net assets</b>	<b>\$ 183,873</b>	<b>\$ 331,711</b>	<b>\$ 962,335</b>	<b>\$ 1,274,935</b>	<b>\$ 1,273,329</b>	<b>\$ 632,810</b>	<b>\$ 5,844</b>	<b>\$ 499,376</b>	<b>\$ 2,955,579</b>	<b>\$ 265,870</b>

*See Independent Auditor's Report.*

**AMikids, Inc. and Affiliates**  
**Schedule I**  
**Combining Schedule - Statement of Financial Position (Continued)**  
**June 30, 2024**

	AMikids Orlando	AMikids Panama City Marine Institute	AMikids Pasco	AMikids Pensacola	AMikids Piedmont	AMikids Pinellas	AMikids Rio Grande Valley	AMikids Sand Hills	AMikids Sandoval	AMikids Sarasota County
<b>Assets</b>										
Cash and cash equivalents	\$ 340,692	\$ 477,717	\$ -	\$ 191,166	\$ 999,618	\$ 536,336	\$ 16,767	\$ 12,266	\$ 120,376	\$ -
Investments	-	-	-	-	256,505	923,522	-	-	-	-
Accounts receivable:										
Funding agencies	20,514	41,370	-	73,454	8,464	-	-	5,632	21,380	-
Other	-	70,799	-	-	-	-	-	-	148,491	-
Contributions receivable	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	8,417	39,109	-	37,166	9,808	24,862	213	7,170	30,242	-
Due from affiliates	103,599	12,440	29,145	214,844	139,684	79,396	38,103	123,226	216,029	79,345
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Boat inventory	-	946	-	-	-	-	-	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-
Operating lease right-of-use assets, net	-	-	-	-	-	361,615	-	-	-	-
Finance lease right-of-use assets, net	85,029	1,400	-	7,989	-	-	-	3,838	7,831	-
Property and equipment, net	55,851	3,598,160	-	300,688	45,179	6,540	3,002	26,368	81,045	-
<b>Total assets</b>	<b>\$ 614,102</b>	<b>\$ 4,241,941</b>	<b>\$ 29,145</b>	<b>\$ 825,307</b>	<b>\$ 1,459,258</b>	<b>\$ 1,932,271</b>	<b>\$ 58,085</b>	<b>\$ 178,500</b>	<b>\$ 625,394</b>	<b>\$ 79,345</b>
<b>Liabilities and Net Assets</b>										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	2,717	4,445	-	24,115	9,818	3,219	-	13,652	32,998	-
Accrued expenses	70,852	33,437	-	148,019	89,477	41,143	4,896	67,390	152,769	-
Accrued pension	1,794	1,095	-	2,646	2,431	1,260	-	1,385	962	-
Due to Affiliates	112,628	141,964	140	47,010	32,808	12,838	10	25,193	150,646	-
Deferred revenues	-	-	-	-	-	402,719	-	6,474	-	-
Refundable advances	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Operating lease liabilities	-	-	-	-	-	361,615	-	-	-	-
Finance lease liabilities	67,627	1,727	-	8,456	-	-	-	3,766	8,174	-
Notes payable	209,617	-	-	566,255	-	-	-	790,204	1,444,387	-
<b>Total liabilities</b>	<b>465,235</b>	<b>182,668</b>	<b>140</b>	<b>796,501</b>	<b>134,534</b>	<b>822,794</b>	<b>4,906</b>	<b>908,064</b>	<b>1,789,936</b>	<b>-</b>
Net assets:										
Without donor restrictions	(6,345)	3,927,358	(140)	(6,223)	1,320,517	1,087,131	4,131	(739,386)	(1,173,597)	79,345
Undesignated	-	-	-	-	-	-	-	-	-	-
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-
With donor restrictions	155,212	131,915	29,145	35,029	4,207	22,346	49,048	9,822	9,055	-
<b>Total net assets (deficit)</b>	<b>148,867</b>	<b>4,059,273</b>	<b>29,005</b>	<b>28,806</b>	<b>1,324,724</b>	<b>1,109,477</b>	<b>53,179</b>	<b>(729,564)</b>	<b>(1,164,542)</b>	<b>79,345</b>
<b>Total liabilities and net assets</b>	<b>\$ 614,102</b>	<b>\$ 4,241,941</b>	<b>\$ 29,145</b>	<b>\$ 825,307</b>	<b>\$ 1,459,258</b>	<b>\$ 1,932,271</b>	<b>\$ 58,085</b>	<b>\$ 178,500</b>	<b>\$ 625,394</b>	<b>\$ 79,345</b>

*See Independent Auditor's Report.*

**AMIkids, Inc. and Affiliates**  
**Schedule I**  
**Combining Schedule - Statement of Financial Position (Continued)**  
**June 30, 2024**

	AMIkids Savannah River	AMIkids South Carolina Statewide	AMIkids Southwest Florida	AMIkids Space Coast	AMIkids St. Louis	AMIkids Tallahassee	AMIkids Tampa	AMIkids Virginia	AMIkids Virginia Wilderness	AMIkids Volusia
<b>Assets</b>										
Cash and cash equivalents	\$ 16,340	\$ -	\$ 181,101	\$ 170,060	\$ -	\$ 172,228	\$ 769,269	\$ 191,296	\$ -	\$ 49,803
Investments	-	-	199,987	-	-	-	-	-	-	-
Accounts receivable:										
Funding agencies	102,299	-	2,406	89,132	-	-	92,382	886,174	-	1,077
Other	-	-	-	5,000	-	-	-	-	-	-
Contributions receivable	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	18,407	-	931	24,063	-	6,204	12,225	3,660	580	11,702
Due from affiliates	15,257	1,064	158,146	110,331	-	31,856	111,332	1,082,652	-	92,478
Assets held for sale	-	-	-	-	-	-	-	-	120,000	-
Boat inventory	-	-	-	-	-	-	-	-	-	-
Boats under lease	-	-	-	-	-	-	-	-	-	-
Beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	-
Operating lease right-of-use assets, net	-	-	-	-	-	-	-	6,110	-	-
Finance lease right-of-use assets, net	-	-	-	-	-	979	-	-	-	41,755
Property and equipment, net	113,010	-	-	290,866	-	122,877	86,118	86,100	-	21,956
<b>Total assets</b>	<b>\$ 265,313</b>	<b>\$ 1,064</b>	<b>\$ 542,571</b>	<b>\$ 689,452</b>	<b>\$ -</b>	<b>\$ 334,144</b>	<b>\$ 1,071,326</b>	<b>\$ 2,255,992</b>	<b>\$ 120,580</b>	<b>\$ 218,771</b>
<b>Liabilities and Net Assets</b>										
Liabilities:										
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	18,933	-	933	5,999	-	3,948	17,618	640,137	800	10,525
Accrued expenses	79,121	-	45,307	61,300	-	13,046	77,566	912,408	100	89,277
Accrued pension	1,703	-	-	2,393	-	299	2,691	1,550	-	-
Due to Affiliates	77,740	373	28,806	34,960	-	128,919	17,316	18,962	105,490	84,876
Deferred revenues	-	-	-	-	-	166,687	-	-	-	45,417
Refundable advances	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Operating lease liabilities	-	-	-	-	-	-	-	6,371	-	-
Finance lease liabilities	-	-	-	-	-	1,065	-	-	-	43,135
Notes payable	3,998,528	-	-	1,227,487	-	162,478	-	-	272,165	-
<b>Total liabilities</b>	<b>4,176,025</b>	<b>373</b>	<b>75,046</b>	<b>1,332,139</b>	<b>-</b>	<b>476,442</b>	<b>115,191</b>	<b>1,579,428</b>	<b>378,555</b>	<b>273,230</b>
Net assets:										
Without donor restrictions	(3,921,573)	(374)	20,164	(814,344)	(21,829)	(153,263)	834,498	676,564	(257,975)	(58,063)
Undesignated	-	-	-	-	-	-	-	-	-	-
Board designated endowment fund	-	-	-	-	-	-	-	-	-	-
With donor restrictions	10,861	1,065	447,361	171,657	21,829	10,965	121,637	-	-	3,604
<b>Total net assets (deficit)</b>	<b>(3,910,712)</b>	<b>691</b>	<b>467,525</b>	<b>(642,687)</b>	<b>-</b>	<b>(142,298)</b>	<b>956,135</b>	<b>676,564</b>	<b>(257,975)</b>	<b>(54,459)</b>
<b>Total liabilities and net assets</b>	<b>\$ 265,313</b>	<b>\$ 1,064</b>	<b>\$ 542,571</b>	<b>\$ 689,452</b>	<b>\$ -</b>	<b>\$ 334,144</b>	<b>\$ 1,071,326</b>	<b>\$ 2,255,992</b>	<b>\$ 120,580</b>	<b>\$ 218,771</b>

*See Independent Auditor's Report.*

**AMIkids, Inc. and Affiliates**  
**Schedule I**  
**Combining Schedule - Statement of Financial Position (Continued)**  
**June 30, 2024**

	AMIkids White Pines	AMIkids YES	South Carolina Wilderness Institute	Total Before Eliminations	Eliminations	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 667,090	\$ 117,237	\$ -	\$ 30,181,865	\$ -	\$ 30,181,865
Investments	-	509,737	-	4,914,467	-	4,914,467
Accounts receivable:						
Funding agencies	10,807	452	-	6,317,461	-	6,317,461
Other	-	-	-	224,290	-	224,290
Contributions receivable	-	-	-	63,822	-	63,822
Prepaid expenses and other assets	26,768	788	-	2,834,174	-	2,834,174
Due from affiliates	391,206	9,247	-	31,537,635	(31,537,635)	-
Assets held for sale	-	-	-	183,626	-	183,626
Boat inventory	-	-	-	9,108,445	-	9,108,445
Boats under lease	-	-	-	19,391,499	-	19,391,499
Beneficial interest in assets held by others	-	-	-	656,178	-	656,178
Operating lease right-of-use assets, net	-	-	-	952,689	(20,906)	931,783
Finance lease right-of-use assets, net	-	18,782	-	668,809	-	668,809
Property and equipment, net	51,056	143	103,000	12,442,895	-	12,442,895
<b>Total assets</b>	<b>\$ 1,146,927</b>	<b>\$ 656,386</b>	<b>\$ 103,000</b>	<b>\$ 119,477,855</b>	<b>\$ (31,558,541)</b>	<b>\$ 87,919,314</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities:</b>						
Lines of credit	\$ -	\$ -	\$ -	\$ 6,250,000	\$ -	\$ 6,250,000
Accounts payable	13,488	528	-	1,427,562	(2,417)	1,425,145
Accrued expenses	130,401	2,090	1,208	17,577,794	(6,015,971)	11,561,823
Accrued pension	3,734	-	-	2,800,189	-	2,800,189
Due to Affiliates	33,182	29,633	11,827	13,296,537	(13,296,537)	-
Deferred revenues	8,872	-	-	4,346,623	-	4,346,623
Refundable advances	-	-	-	295,960	-	295,960
Security deposits	-	-	-	4,565,663	-	4,565,663
Operating lease liabilities	-	-	-	855,423	(21,805)	833,618
Finance lease liabilities	-	18,411	-	556,158	-	556,158
Notes payable	-	581,269	-	20,865,450	(18,240,505)	2,624,945
<b>Total liabilities</b>	<b>189,677</b>	<b>631,931</b>	<b>13,035</b>	<b>72,837,359</b>	<b>(37,577,235)</b>	<b>35,260,124</b>
<b>Net assets:</b>						
Without donor restrictions	887,157	(18,196)	89,965	36,642,563	7,906,816	44,549,379
Undesignated	-	-	-	-	-	-
Board designated endowment fund	-	-	-	-	-	-
With donor restrictions	70,093	42,651	-	9,997,933	(1,888,122)	8,109,811
<b>Total net assets (deficit)</b>	<b>957,250</b>	<b>24,455</b>	<b>89,965</b>	<b>46,640,496</b>	<b>6,018,694</b>	<b>52,659,190</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,146,927</b>	<b>\$ 656,386</b>	<b>\$ 103,000</b>	<b>\$ 119,477,855</b>	<b>\$ (31,558,541)</b>	<b>\$ 87,919,314</b>

*See Independent Auditor's Report.*

**AMikids, Inc. and Affiliates**  
**Schedule II**  
**Combining Schedule - Statement of Activities**  
**Year ended June 30, 2024**

	AMikids	AMikids Foundation	AMikids Acadiana	AMikids Alabama	AMikids Baton Rouge	AMikids Beaufort	AMikids Behavior Health	AMikids Bennettsville	AMikids Caddo	AMikids Clay County
<b>Public Support and revenue:</b>										
Federal support	\$ 1,858,915	\$ -	\$ 111,518	\$ 134	\$ 282,679	\$ 554,025	\$ 116,580	\$ 62,851	\$ 92,182	\$ 82,899
State support	6,402,510	-	2,185,214	488,328	419,756	1,398,547	-	1,450,313	-	708,405
Regional revenue	24,063	-	180,641	-	-	-	-	-	1,843,169	550,636
Nongovernmental	-	-	-	-	40,000	25,787	-	-	-	-
Service revenue	1,845,257	-	-	-	-	3,100	1,125,487	-	-	-
Contributions	1,124,237	2,827,562	54,244	247	58,472	584,603	34,450	100,595	35,374	65,042
Total Public Support	11,254,982	2,827,562	2,531,617	488,709	800,907	2,566,062	1,276,517	1,613,759	1,970,725	1,406,982
<b>Revenue</b>										
Boat Program	29,034,786	-	-	-	-	-	-	-	-	-
Investment income (loss)	1,903,729	730,455	-	-	1,445	29,903	-	-	-	1,500
Other	144,554	-	-	-	-	2,629	-	220	434	-
Total revenue	31,083,069	730,455	-	-	1,445	32,532	-	220	434	1,500
Total public support and revenue	42,338,051	3,558,017	2,531,617	488,709	802,352	2,598,594	1,276,517	1,613,979	1,971,159	1,408,482
<b>Expenses:</b>										
Program Services	12,578,638	1,478,499	2,743,075	499,481	765,966	2,288,622	1,269,467	1,614,281	1,643,502	1,088,374
Boat Program	23,419,148	-	14	-	-	-	-	-	-	-
Management and general	6,625,736	451,189	242,078	29,768	56,740	35,780	14,608	113,545	192,664	38,539
Fundraising	833,963	-	-	-	-	-	-	-	-	-
Total expense	43,457,485	1,929,688	2,985,167	529,249	822,706	2,324,402	1,284,075	1,727,826	1,836,166	1,126,913
<b>Change in Net assets</b>	(1,119,434)	1,628,329	(453,550)	(40,540)	(20,354)	274,192	(7,558)	(113,847)	134,993	281,569
Net assets (deficit), beginning of the year	31,167,291	7,101,603	(2,326,280)	(120,976)	222,599	1,922,629	111,608	(1,009,929)	(600,205)	206,266
Net assets (deficit), end of the year	\$ 30,047,857	\$ 8,729,932	\$ (2,779,830)	\$ (161,516)	\$ 202,245	\$ 2,196,821	\$ 104,050	\$ (1,123,776)	\$ (465,212)	\$ 487,835

*See Independent Auditor's Report.*

**AMIkids, Inc. and Affiliates**  
**Schedule II**  
**Combining Schedule - Statement of Activities (Continued)**  
**Year ended June 30, 2024**

	AMIkids Duval	AMIkids Emerald Coast	AMIkids Family Services	AMIkids Gadsden Center for Academic Discipline	AMIkids Gainesville	AMIkids Gateways	AMIkids Georgetown	AMIkids Georgia	AMIkids Georgia Properties	AMIkids Greater Ft. Lauderdale
<b>Public Support and revenue:</b>										
Federal support	\$ -	\$ 90,175	\$ 199,481	\$ 114,322	\$ 65,300	\$ -	\$ 84,693	\$ -	\$ -	\$ 270,113
State support	94,901	-	858,631	426,918	809,855	1,116,900	1,351,298	-	-	24,853
Regional revenue	548,260	-	240,634	-	227,572	-	-	-	-	-
Nongovernmental	-	10,000	-	14,500	-	-	50	-	-	-
Service revenue	-	-	-	-	-	-	-	-	-	-
Contributions	56,179	149,159	69,556	15,842	31,059	26,025	81,266	-	-	211,096
Total Public Support	699,340	249,334	1,368,302	571,582	1,133,786	1,142,925	1,517,307	-	-	506,062
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	-	91	34	5	-	2,816	410	-	24
Other	-	-	-	-	25,310	-	7,195	-	-	400
Total revenue	-	-	91	34	25,315	-	10,011	410	-	424
Total public support and revenue	699,340	249,334	1,368,393	571,616	1,159,101	1,142,925	1,527,318	410	-	506,486
<b>Expenses:</b>										
Program Services	711,261	203,370	1,338,319	505,614	1,002,625	1,260,945	1,747,971	-	86,210	379,176
Boat Program	-	-	-	-	-	-	-	-	-	-
Management and general	73,282	59,834	17,083	15,653	156,452	33,663	35,651	-	1,862	77,629
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	784,543	263,204	1,355,402	521,267	1,159,077	1,294,608	1,783,622	-	88,072	456,805
<b>Change in Net assets</b>	(85,203)	(13,870)	12,991	50,349	24	(151,683)	(256,304)	410	(88,072)	49,681
Net assets (deficit), beginning of the year	(241,118)	(588,014)	(4,845)	215,806	(1,350,087)	335,955	545,052	17,476	1,794,041	(455,740)
Net assets (deficit), end of the year	\$ (326,321)	\$ (601,884)	\$ 8,146	\$ 266,155	\$ (1,350,063)	\$ 184,272	\$ 288,748	\$ 17,886	\$ 1,705,969	\$ (406,059)

*See Independent Auditor's Report.*

**AMIkids, Inc. and Affiliates**  
**Schedule II**  
**Combining Schedule - Statement of Activities (Continued)**  
**Year ended June 30, 2024**

	AMIkids Infinity Marlboro	AMIkids Infinity Wake County	AMIkids Jacksonville	AMIkids Louisiana Properties	AMIkids Manatee	AMIkids Miami-Dade	AMIkids New Mexico	AMIkids New Mexico Properties	AMIkids North Carolina Family Services	AMIkids North Carolina Properties
<b>Public Support and revenue:</b>										
Federal support	\$ 103,248	\$ 147,243	\$ 89,707	\$ -	\$ -	\$ 144,848	\$ -	\$ -	\$ 2,743	\$ -
State support	-	-	1,082,686	-	699,282	1,588,845	-	-	2,589,813	-
Regional revenue	550,000	609,525	200,585	-	401,424	267,044	-	-	-	-
Nongovernmental	28,500	25,000	-	-	-	76,488	-	-	-	-
Service revenue	-	-	-	-	-	-	-	-	-	-
Contributions	13,884	18,980	161,101	-	85,668	109,991	20	-	2,630	-
Total Public Support	695,632	800,748	1,534,079	-	1,186,374	2,187,216	20	-	2,595,186	-
<b>Revenue</b>										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	36	2,205	62,255	31,544	7,037	-	6,597	104,083	1,102
Other	-	-	45,925	140,000	-	52,401	-	47,032	-	35,971
Total revenue	-	36	48,130	202,255	31,544	59,438	-	53,629	104,083	37,073
Total public support and revenue	695,632	800,784	1,582,209	202,255	1,217,918	2,246,654	20	53,629	2,699,269	37,073
<b>Expenses:</b>										
Program Services	510,964	669,912	1,314,687	533,914	1,099,279	2,233,431	13,639	83,786	2,166,575	26,817
Boat Program	-	-	-	-	-	5	-	-	-	-
Management and general	41,303	46,331	95,255	1,847	44,681	126,420	(364)	1,961	41,458	1,584
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	552,267	716,243	1,409,942	535,761	1,143,960	2,359,856	13,275	85,747	2,208,033	28,401
<b>Change in Net assets</b>	143,365	84,541	172,267	(333,506)	73,958	(113,202)	(13,255)	(32,118)	491,236	8,672
Net assets (deficit), beginning of the year	(13,829)	175,964	(85,863)	1,607,233	1,055,746	392,023	(901)	521,930	2,124,964	252,992
Net assets (deficit), end of the year	\$ 129,536	\$ 260,505	\$ 86,404	\$ 1,273,727	\$ 1,129,704	\$ 278,821	\$ (14,156)	\$ 489,812	\$ 2,616,200	\$ 261,664

*See Independent Auditor's Report.*

**AMIkids, Inc. and Affiliates**  
**Schedule II**  
**Combining Schedule - Statement of Activities (Continued)**  
**Year ended June 30, 2024**

	AMIkids Orlando	AMIkids Panama City Marine Institute	AMIkids Pasco	AMIkids Pensacola	AMIkids Piedmont	AMIkids Pinellas	AMIkids Rio Grande Valley	AMIkids Sand Hills	AMIkids Sandoval	AMIkids Sarasota County
<b>Public Support and revenue:</b>										
Federal support	\$ 61,516	\$ 390,447	\$ -	\$ 341,269	\$ 40,421	\$ 165,174	\$ -	\$ 79,090	\$ -	\$ -
State support	858,168	192,235	-	2,225,804	1,450,313	552,840	93,486	1,398,547	1,084,248	-
Regional revenue	232,172	625,245	-	-	-	-	-	-	-	-
Nongovernmental	-	-	-	-	-	-	-	-	-	-
Service revenue	-	-	-	-	1,800	-	-	-	713,673	-
Contributions	150,921	505,365	-	213,678	15,125	80,009	14,316	143,498	15,474	-
Total Public Support	1,302,777	1,713,292	-	2,780,751	1,507,659	798,023	107,802	1,621,135	1,813,395	-
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	31	244	-	18	7,237	75,360	-	1	16	3,549
Other	24,099	123,183	-	14,396	34	-	4,989,885	1,952	4,711	-
Total revenue	24,130	123,427	-	14,414	7,271	75,360	4,989,885	1,953	4,727	3,549
Total public support and revenue	1,326,907	1,836,719	-	2,795,165	1,514,930	873,383	5,097,687	1,623,088	1,818,122	3,549
<b>Expenses:</b>										
Program Services	1,179,712	2,091,903	-	3,018,973	1,321,412	738,653	459,086	1,569,543	2,212,685	-
Boat Program	-	2,565	-	-	-	-	-	-	-	-
Management and general	69,490	66,296	70	60,814	33,456	23,600	204,742	86,306	179,790	70
Fundraising	-	-	-	-	-	-	-	-	-	-
Total expense	1,249,202	2,160,764	70	3,079,787	1,354,868	762,253	663,828	1,655,849	2,392,475	70
<b>Change in Net assets</b>	77,705	(324,045)	(70)	(284,622)	160,062	111,130	4,433,859	(32,761)	(574,353)	3,479
Net assets (deficit), beginning of the year	71,162	4,383,318	29,075	313,428	1,164,662	998,347	(4,380,680)	(696,803)	(590,189)	75,866
Net assets (deficit), end of the year	\$ 148,867	\$ 4,059,273	\$ 29,005	\$ 28,806	\$ 1,324,724	\$ 1,109,477	\$ 53,179	\$ (729,564)	\$ (1,164,542)	\$ 79,345

*See Independent Auditor's Report.*



**AMIkids, Inc. and Affiliates**  
**Schedule II**  
**Combining Schedule - Statement of Activities (Continued)**  
**Year ended June 30, 2024**

	AMIkids Savannah River	AMIkids South Carolina Statewide	AMIkids Southwest Florida	AMIkids Space Coast	AMIkids St. Louis	AMIkids Tallahassee	AMIkids Tampa	AMIkids Virginia	AMIkids Virginia Wilderness	AMIkids Volusia
<b>Public Support and revenue:</b>										
Federal support	\$ 56,116	\$ -	\$ 163,492	\$ 269,469	\$ -	\$ 11,366	\$ 341,937	\$ 260	\$ -	\$ 47,496
State support	1,578,210	-	-	718,800	-	316,245	759,402	9,750,535	-	981,658
Regional revenue	-	-	-	58,310	-	12,687	321,759	-	-	191,433
Nongovernmental	-	-	-	60,000	-	-	-	-	-	-
Service revenue	-	-	-	-	-	-	-	-	-	-
Contributions	98,161	-	118,729	418,149	-	36,921	224,809	925	-	13,094
Total Public Support	1,732,487	-	282,221	1,524,728	-	377,219	1,647,907	9,751,720	-	1,233,681
Revenue										
Boat Program	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	-	20,457	1,453	-	-	11,429	18,394	-	-
Other	24,867	-	20,000	-	-	125	38,810	-	-	575,492
Total revenue	24,867	-	40,457	1,453	-	125	50,239	18,394	-	575,492
Total public support and revenue	1,757,354	-	322,678	1,526,181	-	377,344	1,698,146	9,770,114	-	1,809,173
<b>Expenses:</b>										
Program Services	2,117,613	-	320,450	2,079,791	-	348,945	1,460,412	9,729,200	31,107	1,116,922
Boat Program	80	-	5	-	-	-	-	-	-	-
Management and general	418,923	269	41,785	40,543	-	26,981	55,575	14,846	20,361	141,849
Fundraising	-	-	-	495	-	-	-	-	-	-
Total expense	2,536,616	269	362,240	2,120,829	-	375,926	1,515,987	9,744,046	51,468	1,258,771
<b>Change in Net assets</b>	(779,262)	(269)	(39,562)	(594,648)	-	1,418	182,159	26,068	(51,468)	550,402
Net assets (deficit), beginning of the year	(3,131,450)	960	507,087	(48,039)	-	(143,716)	773,976	650,496	(206,507)	(604,861)
Net assets (deficit), end of the year	\$ (3,910,712)	\$ 691	\$ 467,525	\$ (642,687)	\$ -	\$ (142,298)	\$ 956,135	\$ 676,564	\$ (257,975)	\$ (54,459)

*See Independent Auditor's Report.*

**AMIkids, Inc. and Affiliates**  
**Schedule II**  
**Combining Schedule - Statement of Activities (Continued)**  
**Year ended June 30, 2024**

	AMIkids White Pines	AMIkids YES	South Carolina Wilderness Institute	Total Before Eliminations	Eliminations	Total
<b>Public Support and revenue:</b>						
Federal support	\$ 331,736	\$ 5,456	\$ -	\$ 6,778,901	\$ -	\$ 6,778,901
State support	2,856,000	184,985	-	48,698,531	-	48,698,531
Regional revenue	-	13,222	-	7,098,381	-	7,098,381
Nongovernmental	-	-	-	280,325	-	280,325
Service revenue	7,500	-	-	3,696,817	(2,979,349)	717,468
Contributions	223,163	9,513	-	8,199,132	(2,371,217)	5,827,915
Total Public Support	3,418,399	213,176	-	74,752,087	(5,350,566)	69,401,521
<b>Revenue</b>						
Boat Program	-	-	-	29,034,786	-	29,034,786
Investment income (loss)	5,834	71,996	-	3,101,290	(1,751,838)	1,349,452
Other	8,329	5,999	-	6,333,953	(5,867,863)	466,090
Total revenue	14,163	77,995	-	38,470,029	(7,619,701)	30,850,328
Total public support and revenue	3,432,562	291,171	-	113,222,116	(12,970,267)	100,251,849
<b>Expenses:</b>						
Program Services	3,602,005	399,198	-	75,656,010	(11,467,706)	64,188,304
Boat Program	-	-	-	23,421,817	-	23,421,817
Management and general	64,571	68,108	1,402	10,292,079	(2,420,176)	7,871,903
Fundraising	-	-	-	834,458	-	834,458
Total expense	3,666,576	467,306	1,402	110,204,364	(13,887,882)	96,316,482
<b>Change in Net assets</b>	(234,014)	(176,135)	(1,402)	3,017,752	917,615	3,935,367
Net assets (deficit), beginning of the year	1,191,264	200,590	91,367	43,622,744	5,101,079	48,723,823
Net assets (deficit), end of the year	\$ 957,250	\$ 24,455	\$ 89,965	\$ 46,640,496	\$ 6,018,694	\$ 52,659,190

*See Independent Auditor's Report.*

**AMIkids, Inc. and Affiliates**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**Or Chief Executive Officer**  
**Year ended June 30, 2024**

**Agency Head Name: Mike Thornton**

<b>Purpose</b>	<b>June 30, 2024</b>
Salary	\$ 321,102
Benefits-Insurance	14,345
Benefits-retirement	90,425
Travel	6,840
Other	9,584
<b>Total</b>	<b>\$ 442,296</b>

*See Independent Auditor's Report.*



# INTERNAL CONTROL RECOMMENDATIONS





CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.  
4010 West Boy Scout Boulevard  
Suite 475  
Tampa, FL 33607

813.855.3036  
CRLadv.com

**INDEPENDENT AUDITOR'S 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  
AMlkids, 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 combined financial statements of the AMlkids, Inc. and Affiliates (a nonprofit organization) ("the Organization"), which comprise the combined statement of financial position as of , and the related combined 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 December 4, 2024.

**Report on 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 opinion 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain

deficiencies in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a significant deficiency.

### **Report Compliance and Other Matters**

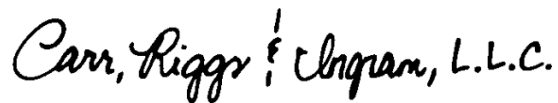
As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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*.

### **AMIkids, Inc. and Affiliates Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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, flowing script.

CARR, RIGGS, & INGRAM, LLC

Tampa, Florida  
December 4, 2024

## **Schedule of Findings**

### **Financial Reporting - Significant Deficiency**

#### **Finding Number: 2024-001**

**Criteria:** Pledge receivables from donors should be reported in accordance with generally accepted accounting principles.

**Condition:** Pledge receivables and contribution revenue were overstated by \$410,378.

**Cause:** The AMIkids Foundation changes their fundraising year to match the fiscal year of the rest of AMIkids. This change in reporting periods caused a pledge receivable to be recorded in the current fiscal year of \$410,378, which should be reported in the subsequent fiscal year.

**Effect:** Pledge receivables and contribution revenue were overstated by \$410,378.

**Recommendation:** Fund raising team and accounting team should revise their year-end process of reviewing pledges and ensure that pledge revenue is reported in the correct fiscal year.

**Response:** See attached Corrective Action Plan.



**WE EMPOWER YOUNG PEOPLE  
TO BECOME CONFIDENT,  
SUCCESSFUL ADULTS.**

October 31, 2024

Carr Riggs and Ingram, LLC  
Attention: David Alvarez, Partner  
4010 W. Boy Scout Blvd | Ste 475  
Tampa, FL 33607

Dear Sir,

Schedule of Findings for fiscal year ended June 30, 2024

We are pleased to present our corrective action plan to address finding number 2024-001.

**Schedule of Findings**

**Financial Reporting - Significant Deficiency**

**Finding Number: 2024-001**

**Criteria:**

Pledges receivable from donors should be reported in accordance with generally accepted principles.

**Condition:** Pledges receivable and contribution revenue were overstated by \$410,378.

**Cause:** The AMIKids Foundation changed their fundraising year to match the fiscal year of the rest of AMIKids. This change in reporting periods caused a pledge receivable to be recorded in the current fiscal year of \$410,378, which should be reported in the subsequent fiscal year.

**Effect:** Pledges receivable and contribution revenue were overstated by \$410,378.

**Recommendation:** Fund raising team and accounting team should revise their year-end process of reviewing pledges and ensure that pledge revenue is reported in the correct fiscal year.

**Response:** See Corrective Action Plan



**Corrective Action Plan:**

- We will continue to require verifiable documentation from donors to support pledges before they are recorded in the accounting records.
- Where there is no documentation from a donor to support the pledge, we will have the President and CEO together with the VP of Resource Development confirm the pledge amount and pledge terms in writing based on their conversations with the donor, particularly where the donor wishes to remain anonymous.
- On a quarterly basis, we will review outstanding pledges with Resource Development to assess accuracy and recoverability.

Sincerely,



Maria Porto-Duarte, CPA  
Chief Financial Officer

All procedures performed below were performed by AMIkids internal audit department. See below for procedures performed and results of procedures for each step listed.

## AMIkids Acadiana INSTRUCTIONS

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### **Introduction**

The Louisiana Legislative Auditor (LLA) has prescribed statewide agreed-upon procedures (AUPs) below, which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including not-for-profit organizations) that meet the legal requirement to have an audit under the Audit Law<sup>1</sup> (i.e., public funds totaling \$500,000 or more in revenues and other sources). **This update to the AUPs will be effective for those entities that have fiscal years beginning on or after January 1, 2023 (Version 6).**

The AUPs are not intended to address all areas of risk within an entity. Instead, they are designed to address those areas that have resulted in the most frequent incidents of fraud, waste, or abuse of public funds. **The objective of the statewide AUPs is to correct internal control processes of local entities in order to lessen their risks of fraud, waste, or abuse in the future.**

The AUPs are applicable to all fund types (governmental, proprietary, and fiduciary, including custodial funds administered by sheriffs or other tax collectors). But see the Single Audit and School Activity Fund exemption sections following.

As has been in place since 2021, all entities not exempt from performing the AUPs as stated within the Applicability of AUPs section of this document are required to perform all applicable AUP categories.

### **What's New?**

- Procedure 3 (Bank Reconciliations): Added that the review needs to be completed within 1 month of the date the reconciliation was prepared; and
- Procedure 13 (Information Technology Disaster Recovery/Business Continuity): Added to observe evidence that employees with access to the agency's information technology assets have received cybersecurity training as required by R.S. 42:1267.

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<sup>1</sup> R.S. 24:511-24:559

Additionally, edits have been made to existing instructions and Frequently Asked Questions (FAQs).

### **Applicable Auditing Standards**

The AUPs are to be performed in accordance with attestation standards (Statements on Standards for Attestation Engagements; SSAEs) established by the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards*, and the AUP report must be attached with the audit report that is submitted to the Legislative Auditor's office (i.e., one pdf file submitted to the LLA rather than two). The AUPs are required to be performed by the same firm that performs the annual audit; accordingly, a separate "engagement approval form" for the statewide AUP engagement is **not required**. The LLA is considered to be a specified party to the AUP engagements and acknowledges that the procedures performed are appropriate for our purposes by our acceptance of the standard audit engagement approval forms.

### **Reporting AUP Findings**

*Findings* are the factual results of the procedures performed, including sufficient details of any exceptions found. All exceptions found, other than those related to Information Technology Disaster Recovery/Business Continuity, are to be included in the AUP report with management's responses/corrective actions. To avoid potential conflicts with the attestation standards, we recommend that management prepare a single overall response to the AUP report. If management chooses **not** to respond to the AUP findings at all, the practitioner must include a statement that "management declined to respond to the findings or provide a plan of corrective action." If no exceptions are found when performing a procedure, "no exceptions were found as a result of this procedure" is an acceptable result in the AUP report.

To avoid the possible exposure of entity information technology vulnerabilities, we ask that results of the Information Technology Disaster Recovery/Business Continuity SAUP testing (Procedure 13) be discussed with management and **not shown within the AUP report**. Instead, we ask that each procedure under the Information Technology Disaster Recovery/Business Continuity AUP category be followed by the statement, "**We performed the procedure and discussed the results with management.**" *Note: The practitioner should maintain documentation of Information Technology Disaster Recovery/Business Continuity AUP testing and subsequent results in the engagement workpapers.*

The LLA does not intend to penalize entities for exceptions that do not directly correspond to control risks. Accordingly, if the practitioner found exceptions within an AUP category, based strictly on the wording of the procedure, but the practitioner believes that compensating controls **fully** mitigated the underlying control risk, the entity may report no exceptions. The practitioner should maintain documentation of compensating controls in the engagement workpapers.

### **Statewide Agreed-Upon Procedures Exceptions and the Schedule of Audit Findings**

The results of the AUPs do not change the practitioner's separate responsibility to report significant deficiencies, material weaknesses, material noncompliance, etc. as part of the regular audit engagement. However, the practitioner should not include the AUP exceptions or a reference to the exceptions in the audit report's schedule of findings unless an AUP or internal audit exception rises to the level of a significant deficiency or material weakness and is included as a finding for purposes of the audit. Similarly, AUP exceptions should not be copied and pasted as findings in the LLA report submission portal unless they are addressed as findings in the audit report.

### **Knowledge of Matters Outside Agreed-Upon Procedures**

Under the attestation standards, the practitioner need not perform procedures beyond the procedures agreed to and acknowledged by the engaging party to be appropriate for the intended purpose of the engagement. If, in connection with the application of the procedures and through the completion of the engagement, matters come to the practitioner's attention by other means that significantly contradict the subject matter referred to in the practitioner's report, the practitioner should discuss the matter with the engaging party and take appropriate action, including determining whether the practitioner's report should be revised to disclose the matter. While the reporting of these matters within the AUP report is at the practitioner's discretion, the practitioner still has an obligation to consider the associated risk/noncompliance as part of the audit.

If the practitioner has gained "knowledge of matters outside agreed-upon procedures" related to fraud, theft, or the pledge/loan/donation of public funds (LA Const. Art. 7, Section 14<sup>2</sup>), and the practitioner does not include these matters in either the AUP report or in the audit report, the practitioner **MUST** contact the LLA to discuss before submitting the reports.

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<sup>2</sup> Article 7, Section 14 of the Louisiana Constitution prohibits the loan, pledge, or donation of funds, credit, property, or things of value (e.g. cash advances or non-business purchases, regardless of whether they were reimbursed).

### **Applicability of AUPs – Local Governments and Quasi-Public Entities**

These statewide AUPs are applicable to all local governments and quasi-public entities defined in R.S. 24:513(A)(1)(b) paragraphs i through iii and v as follows:

- i. An organization, either not-for-profit or for-profit, created by the state of Louisiana or any political subdivision or agency thereof, any special district or authority, or unit of local government to perform a public purpose.*
- ii. An organization, either not-for-profit or for-profit, that is a component unit of a governmental reporting entity, as defined under generally accepted accounting principles.*
- iii. An organization, either not-for-profit or for-profit, created to perform a public purpose and having one or more of the following characteristics:*
  - aa. The governing body is elected by the general public.*
  - bb. A majority of the governing body is appointed by or authorized to be appointed by a governmental entity or individual government official as a part of his official duties.*
  - cc. The entity is the recipient of the proceeds of an ad valorem tax or general sales tax levied specifically for its operations.*
  - dd. The entity is able to directly issue debt, the interest on which is exempt from federal taxation.*
  - ee. The entity can be dissolved unilaterally by a governmental entity and its net assets assumed without compensation by that governmental entity.*
- v. Any organization, either not-for-profit or for-profit, which is subject to the open meetings law and derives a portion of its income from payments received from any public agency or body.*

### **Applicability of AUPs –Not-for-Profit Entities**

These AUPs are applicable **to only the public funds** of not-for-profit entities defined in R.S. 24:513(B)(1)(b)(iv) as follows:

- iv. Any not-for-profit organization that receives or expends any local or state assistance in any fiscal year. Assistance shall include grants, loans, transfers of property, awards, and direct appropriations of state or local public funds. Assistance shall not include guarantees, membership dues, vendor contracts for goods and services related to administrative support for a local or state assistance program, assistance to private or*

*parochial schools except as provided in R.S. 17:4022, assistance to private colleges and universities, or benefits to individuals.*

In addition, these AUPs are applicable to the not-for-profit entities defined in paragraph iv above only if their revenues and other sources of **public funds** total at least \$500,000. Only those AUP areas applicable to **public funds** administered by the not-for-profit entity are required to be included in the scope of the AUP engagement. The Reporting Requirements for Not-for-Profit Organizations document may be useful in identifying public assistance, calculating revenues and other sources of funds, and determining which type of report not-for-profit entities are required to submit to the LLA.

### **Applicability of AUPs – Multi-State Entities**

For **multi-state quasi-public and not-for-profit entities**, the AUPs are applicable for only Louisiana funds. For example, if a multi-state quasi-public entity with Louisiana offices has a payroll function that is not funded with Louisiana funds, then the payroll AUP section would not be applicable. However, if the New York office of a multi-state not-for-profit entity disburses Louisiana funds, then the non-payroll disbursements AUP section would be applicable.

### **Applicability of AUPs - Component Units**

The scope of the AUPs applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity. However, entities that are discrete component units of a primary government and separately report to the LLA are individually subject to the AUPs. Discrete component units that separately report to the LLA but have portions of their operations performed by the primary government (payroll processing, for example) are exempt from those portions of the AUPs relating to the operations performed by the primary government: instead, AUPs performed at the primary government should address those areas.

### **AUP Exemption – Single Audit**

If either a governmental, quasi-public entity or not-for-profit entity (collectively known as “local auditee”) has met the \$500,000 Audit Law threshold, and all or part of the entity’s public funds are federal major program funds (either direct or pass-through) tested under the entity’s Single Audit during the fiscal period, the entity may exclude those AUP categories that are covered under federal program testing, regardless of whether the federal program testing includes the same procedures or sample sizes. For example, a not-for-profit entity that has one federal program subject to Single Audit testing may exclude credit cards, travel expenditures, non-

payroll disbursements, contracts, and payroll and personnel if these areas are subject to testing under Allowable Costs and Procurement in the OMB Compliance Supplement; however, the entity would still be subject to other AUP areas that are not addressed in the OMB Compliance Supplement (e.g., board or finance committee, bank reconciliations). However, an entity that has other public funds not subject to testing under the Single Audit must still test those funds under the AUPs. In that situation, we recommend selecting sample sizes for the applicable AUP categories from the overall population of transactions and then removing those sample items that fall within Single Audit testing. Alternatively, the practitioner could apply a pro-rata ratio to the AUP sample sizes to accomplish the same goal.

#### **AUP Exemption – School or Student Activity Funds**

School or student activity fund accounts may be excluded from testing under the AUPs if they are otherwise addressed in a separately contracted audit or agreed-upon procedures engagement (which does not have to include the same procedures as in the AUPs). In this situation, the audit or agreed-upon procedures report is required to be submitted to the LLA as a separate engagement and is not required to be included in the pdf file with the practitioner's audit/AUP report.

#### **AUP Exemption – Coronavirus State and Local Fiscal Recovery Funds Recipients (CSLFR)**

LLA does not require a local auditee to provide for the statewide agreed-upon procedures report for fiscal years in which the local auditee would be required to provide for a review/attestation report, if not for the receipt of CSLFR funds (Assistance Listing Number 21.027) as explained in [Audit Risk Alert 46](#).

#### **Other Entities Exempt from the AUPs**

State entities whose financial information is included in the Annual Comprehensive Financial Report of the State of Louisiana are exempt from the statewide AUPs in this document.

Private and parochial schools, as well as university foundations, facility corporations, and booster associations, are specifically excluded by law from having to provide audit reports to the LLA and are exempt from the AUPs. Real estate for-profit limited partnership entities are exempt from the AUPs based on the nature of their operations.



### **Statewide AUPs Compared with Other Required AUP Types**

Please note that the statewide AUPs included in this document apply only to local governments and quasi-public entities that meet the requirement to have an audit under the Audit Law. The LLA also has 3 other types of agreed-upon procedures engagements that should not be confused with the statewide AUPs, as follows:

- State entity (not “statewide”) agreed-upon procedures are required for certain engagements for entities that are included in the state’s Annual Comprehensive Financial Report. These engagements are contracted directly by the LLA’s Financial Audit Services group and do not apply to local governments or quasi-public entities.
- Review/Attest engagements include agreed-upon procedures for local governments and quasi-public entities that differ from the statewide AUPs and apply only to those entities that receive public funds of at least \$200,000 but not more than \$499,999.
- Department of Education Performance Measures AUPs are required for school boards and charter schools.

More than one set of agreed-upon procedures may be required, depending on whether each criterion above has been met. For example, a parish school board with public funds of \$500,000 or greater would be subject to both the statewide AUPs and the Department of Education Performance Measures AUPs.

### **Options and Alternatives**

The practitioner may avoid duplication of existing audit procedures by using the same transactions for both audit and AUP purposes. For example, if the AUPs indicate that 10 random transactions should be selected and the practitioner would otherwise plan to test 25 random transactions as part of the entity’s audit, the practitioner may use the same 10 transactions for both the audit and the AUP engagement.

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month “fiscal period” that does not coincide with the entity’s fiscal year, as long as the 12-month fiscal period is no more than 3 months prior to the end of the entity’s fiscal year. For example, the practitioner may perform AUPs for the fiscal period April 1, 2023 through March 31, 2024 for an entity with a fiscal year ending June 30, 2024. All AUPs will reference “fiscal period” to mean the 12-months covered by the AUPs. If the entity elects to change its “fiscal period,” the subsequent year of AUP testing must not leave a gap between fiscal periods. For example, a change from a March 31 fiscal period end to a June 30 fiscal period end would require a 15-month AUP engagement in the year of change.



### **Using the Work of Internal Auditors or Other Practitioners**

In compliance with SSAE 19, the procedures to be enumerated or referred to in the practitioner's report should be performed by the engagement team or other practitioners and not by internal auditors.

Internal auditors may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the procedures. Also, internal auditors may perform and report separately on procedures that they have carried out. Such procedures may be similar to those that a practitioner may perform under this section.

A practitioner may perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may do the following:

- Repeat all or some of the procedures, or
- Determine whether the internal auditor's documentation indicates procedures performed and whether the findings documented are presented in a report by the internal auditors.

It is inappropriate for the practitioner to do the following:

- Merely read the internal auditors' report solely to describe or repeat their findings;
- Take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner's own; or
- Report in any manner that implies shared responsibility for the procedures with the internal auditors.

The practitioner must include a copy (or copies if the internal auditor has multiple reports that address AUP procedures) of the internal auditor's procedures performed and findings observed when submitting the audit report and AUP report to the LLA. In this situation, all three reports should be submitted to the LLA as one pdf file, and all three reports will be issued by the LLA as a public document. If the practitioner believes the AUPs collectively cannot be performed based on the nature of the entity's operations, please contact the LLA to request an exemption to the AUPs. If a specific procedure cannot be performed based on the nature of the entity's operations, an equivalent procedure may be substituted (e.g., alternate sampling population, alternate method of compiling documentation) at the practitioner's discretion. The substitute procedure is required to be included in the AUP report in place of the

original procedure, and this change in procedures may require the practitioner to update his or her client engagement agreement accordingly.

**Special Consideration for School Boards**

For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited. The practitioner is required to test documentation at the secretary/bookkeeper level only and is not required to test for completeness of revenues relative to classroom collections by teachers.<sup>3</sup>

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<sup>3</sup> This exclusion would also apply to procedure #4D(i) below.

# PROCEDURES

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Report all findings to the following procedures, either after each procedure or after all procedures, within each of the fourteen AUP categories. "Random" selections may be made using Microsoft Excel's random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

## **1) Written Policies and Procedures**

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A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:<sup>4</sup>

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*The budgeting process is completed in Questica, a budget software. The Executive Director completes and enters the budget information and promotes it to the Regional Director for review and approval. Once approved by the Regional Director, the budget is promoted to the Budget Office, where it is reviewed, approved, and promoted to the CEO. Once the CEO reviews and approves the budget it is promoted to the local Board for review and approval. Upon Local Board approval, the budget is promoted to the National Budget Committee for approval. Budget amendments are initiated by AMIkids CFO when contracts/grants are altered by the contracting agency/grantor, and amendments are subject to the same approval process.*

*Monitoring of the budget is accomplished by providing the program with monthly financial statements. The Executive Director reviews key issues and explains budget variances. The financial statements are discussed at each local Board meeting.*

*In addition, Internal Audit performs a high-level budget variance analysis that is used as part of the testing methodology during scheduled audits. Included as part of the test work is a review of program Board minutes where it is noted that the budget has been approved.*

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<sup>4</sup> For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

No exceptions noted.

- ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

*Per the Finance Manual Purchase Orders (PO's) are to be prepared and approved by the Executive Director (ED) for all purchases over \$1,000 and further supported by three competitive bids for all non-routine/non-recurring expenditures. PO's are required to be two part forms with one part given to the vendor and one part retained by the program. PO copies are not submitted to Finance for payment processing. PO's are not required for routine/recurring purchases. IA does not test PO process as PO copies are not entered into the accounting system (Sage). In addition, most AP disbursements are routine or recurring in nature. IA does, however, ask to view bids for expenditures over \$1,000 as part of the test process.*

*The lack of purchase orders in the AP process is not considered a significant control deficiency given the nature of the program's expenses. However, all AP disbursements require the ED's approval. Non-routine, non-recurring AP disbursements over \$2,500 require the approval of the Regional Director and a board member.*

- iii. **Disbursements**, including processing, reviewing, and approving.

*Invoices are received at the program, scanned to the Sage accounting software by the Business Manager (BM), routed to the ED, who reviews and approves them, and are subsequently routed in Sage to the Home Office (HO) Accounts Payable staff for review and issuing checks. Significant purchases greater than \$2,500 (beyond regular budgeted or business-related expenses) require the advance documented approval of the Regional Director and program Board. Checks issued for more than \$2,500 require the signature of a Board member in addition to that of the ED.*

*Checks issued in payment of invoices are mailed to vendors from the HO. Checks requiring second signature of a board member (>\$2,500) are forwarded to the program for signature and subsequently mailed to the vendor.*

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Cash collection (checks) can be received by either the program BM and/or the ED. All cash receipts are listed on a Daily Cash Receipts Log (DCRL), signed and approved by ED, uploaded to Sage and routed to Finance for posting to the GL. Submission to Finance includes a copy of the check, deposit receipt and any other pertinent documentation received with the check. As stated previously, bank statements are obtained directly from the financial institution by HO Finance for reconciliation. Physical cash receipts are rare and immaterial.*

*Note, the program's main deposit activity is through ACH credits from the AMIkids Home Office (HO).*

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

*Payroll is processed semi-monthly by the AMIkids HO. Hourly employees are required to clock in/out of the timekeeping system for all hours worked (salaried staff hours are pre-populated in the PR system). Once hours worked are approved by the ED that includes review/approval of overtime and leave requests the data is submitted to the HO for final processing.*

*HO PR verifies update for new hires/terminations, reviews exception reports for issues which are then corrected as necessary. PR performs a variance analysis to prior pay period and investigates major variances. The PR file is then forwarded to the Accounting Manager for upload to GL. The final PR file is sent to the Controller for review and release to financial institution for processing.*

*HO Human Resources monitors timekeeping to ensure hours are approved in time for processing. HR also inputs pay rates and changes thereto to the PR system. Pay rates are also reviewed/set by the HO senior management.*

*No exceptions.*

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The Finance Manual addresses leases, independent contractors, rental agreements and promissory notes. All contracts must be in writing and include an "out clause". Significant contracts require obtaining three bids. The ED must get the Regional Director approval, AMIkids Support Services approval and Board approval. Monitoring contracts is the responsibility of the ED. Contracts are monitored indirectly by Finance AP and staff accounting functions. Internal Audit will select a sample of contracts for approval and review payments made under the contract.*

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The Finance Manual defines allowable expenses, dollar thresholds for meals and documentation requirements. The ED approves staff expense reports and the Executive Director's expenses are approved by the Regional Director.*

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*The Finance Manual addresses security over the use and storage of credit cards, defines allowable uses and documentation in support of charges. All credit cards statements are required to be approved by the ED and subsequently submitted to AMIkids Home Office AP function for final review and subsequent payment.*

- ix. **Ethics<sup>5</sup>**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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<sup>5</sup> The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

Not applicable to the entity. However, AMIkids Inc., has policies in place regarding ethics dealing with reporting illegal, dishonest or fraudulent conduct. The program offers the "Report It" hotline to employees as a means of communicating their concerns confidentially.

In addition, Internal Audit sends out a Fraud and Related Parties questionnaire annually to the Boar Chair of the program and the Executive Director. The questionnaire asks about transactions with related parties, fraud, departure from financial policies and financial reporting.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*NA – Entity does not issue debt instruments.*

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*AMIkids HO has a formal IT policy that addresses items (1) through (6), above for all locations. No exceptions.*

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The AMIkids HO has a policy that prohibits sexual harassment of any form, requires the reporting of all incidents of suspected harassment to program management HO regional management and to the HO HR department. The HO HR Department investigates all claims of sexual harassment. All new hires are required to sign for having read the policy. AMIkids does not issue an annual report on sexual harassment prevention as AMIkids is a non-profit, not a government entity.*

## **2) Board or Finance Committee<sup>6</sup>**

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<sup>6</sup> These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.



- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*The Board meets every other month to review financial results relating to public funds including budget-to-actual variances along with program management's explanation for the variances. There were no unassigned or negative ending balances.*

*No exceptions.*

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds<sup>7</sup>, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds<sup>8</sup> if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*The Board reviews budget to actual comparisons at each meeting with the ED providing reasons for significant variances and proposals for resolution.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*NA, entity is a non-profit. No exception.*

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<sup>7</sup>Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

<sup>8</sup> R.S. 24:513 (A)(1)(b)(iv) defines public funds.



- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.<sup>9</sup>

*AMIkids Internal Audit provides follow-up review for resolution of findings at the next scheduled audit. Unresolved issues, depending on severity, are addressed as moderate risk issues and reported to the Board and HO Audit Committee.*

### **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts<sup>10</sup> (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);  
*The entity has only one bank account. Review of the 03/31/24 reconciliation noted it was completed 4/11/24 by the HO Finance Department.*
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and  
*Per the reconciliation history the reconciliation was independently reviewed/approved by a peer HO Finance Department accountant.*
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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<sup>9</sup> No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

<sup>10</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

*There were four reconciling items totaling \$99.03 in excess of one year old. Reconciling items are required to be researched and resolved at one year old, or by fiscal YE.*

*No exceptions.*

#### **4) Collections (excluding electronic funds transfers)<sup>11</sup>**

- A. Obtain a listing of deposit sites<sup>12</sup> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Deposits are received at the entity location only. Checks received at the program are opened by the BM or ED. There are no other sites for the entity.*

- B. For each deposit site selected, obtain a listing of collection locations<sup>13</sup> and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;

*The site does not have a cash drawer/register.*

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

*Cash collection (checks) can be received by either the program Business Manager (BM) and or the Executive Director (ED). All cash receipts are listed on a Daily Cash Receipts Log (DCRL), signed and approved by ED and submitted to Finance for posting to the GL. Submission to Finance includes a copy of the check, deposit receipt and any other pertinent documentation received with the check. As stated previously, bank*

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<sup>11</sup> The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

<sup>12</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>13</sup> A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

*statements are received directly from the financial institution at Finance for reconciliation. Physical cash receipts are rare and immaterial.*

*Note, the program's main deposit activity is through ACH credits from the Department of Labor from vocational services grants.*

*No exceptions. Checks/cash received at the location are typically deposited to the bank on the day received or are locked in a safe until the next business day.*

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and  
*See ii., above.*
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.  
*See ii., above.*
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

*AMIkids Home Office carries Fiduciary and Crime Liability coverage for the program. In addition, all employees must pass a criminal background screening prior to employment and again every 5 years thereafter.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.<sup>14</sup>

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<sup>14</sup> The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt<sup>15</sup> at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.  
*Two deposits were selected from the audit period from general ledger posting for the operating account for testing as outlined above:*

*5/30/23 - Deposit totaling \$11,068.48*

*03/25/24 - Deposit totaling \$2,943.20*

*We reviewed the DCRL agreeing total deposit per the DCRL to the underlying checks received. Deposit total per the DCRL was traced and agreed to the bank deposit receipt and bank statement. Noted the bank deposit receipt to be dated the same date as the DCRL. The 3/25/24 deposit was deposited with the bank two days after completion of DCRL. Pass exception as the entity is located a long distance from the bank. No exceptions noted.*

#### **5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
*Input and approval of disbursements are processed at the entity location only.*
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

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<sup>15</sup> As required by Louisiana Revised Statute 39:1212.

*The entity's BM is responsible for the input of invoices into the accounting system for payment. The invoice is electronically routed to the ED for approval. Non-recurring/routine purchases require the approval of the RD and Board. All disbursements are subsequently reviewed/approved by the HO AP department prior to printing/release/mailing of the checks to vendors.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*See above.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

*Modification to vendor files must be submitted to HO AP department for review by the HO AP Supervisor and HO Controller.*

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

*Checks are image signed and mailed from the HO AP department. Checks requiring a second signature of a Board member are returned to the entity for signature and mailing to the vendor.*

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*These payments are approved by the ED and released by the HO AP department.*

*No exceptions.*

*[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*The following 5 disbursements were selected from the check register pulled from the Sage accounting system for the period under review and tested for agreement with the invoice, approval by appropriate entity management and approval by HO AP department.*

7/1/23	Guaranty Glass	\$219.40
12/07/23	Charm-Tex	\$343.22
01/04/24	4 Imprint	\$512.23
03/28/24	Scheider Paper	\$121.64
10/05/23	Excel Fire Prevention	\$900.00

*No exceptions*

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

*There were no electronic disbursements processed.*

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards<sup>16</sup>. Obtain management's representation that the listing is complete.

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<sup>16</sup> Including cards used by school staff for either school operations or school activity fund operations.

*The entity has five credit card accounts as identified in the check register pulled from the Sage accounting system. Lowe's, Office Depot, Piggly Wiggly, Staples, and WEX.*

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

09/02/23	Lowes	\$335.50
08/01/23	Piggly Wiggly	\$666.02
03/02/24	Staples	\$66.27
10/19/23	Wex (Fuel)	\$581.50
12/07/23	Office Depot	\$95.52

*Statements were approved by entity ED and by HO AP. No exceptions.*

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

*The Office Depot statement above was noted to have finance and late charges assessed. Exception.*

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)<sup>17</sup>. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges

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<sup>17</sup> For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.



only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*Current charges for the statements tested in B., above, were traced to approved supporting receipts indicating business purpose of the charge. There were no meal charges noted. No exceptions.*

Lowes	8/8/23 \$192.91, 8/11/23 \$142.59
Piggly Wiggly	07/26/23 \$16.77, 07/04/23 \$74.33, 07/07/23 \$112.57 07/11/23 \$92.22, 07/13/23 \$87.93, 07/18/23 \$88.01 07/21/23 \$74.67, 07/23/23 \$13.93, 07/21/23 \$23.97
Staples	03/02/24 \$66.27
Office Depot	10/26 \$40.00, 11/23/23 \$55.52

## **7) Travel and Travel-Related Expense Reimbursements<sup>18</sup> (excluding card transactions)**

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));

*AMIkids Finance has established a meal allowance of \$46/day (\$10 for breakfast, \$12 for lunch and \$24 for dinner). Reimbursements for the full allowance are permitted only if the employee is actually traveling during the hours specified for each meal. As an example, if the employee departs the office/residence at 10 AM, the meal allowance reimbursement is for lunch and dinner only. The daily allowance is below the rate specified by the U.S. General Services administration.*

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<sup>18</sup> Non-travel reimbursements are not required to be inspected under this category.



- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Five expense reports were selected from the Sage accounting system for the period 04/01/23-03/31/24 and tested for receipts supporting submitted charges, entity business purpose and appropriate approval.*

07/06/23	Kristopher Riley	\$292.52
11/09/23	Montel Cormier	\$283.46
12/14/23	Amber Fairbanks	\$55.15
01/18/21	Lisa Coleman	\$666.02
02/08/24	Melanie Bardash	\$173.93

*No exceptions.*

## **8) Contracts**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law<sup>19</sup> (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

<sup>19</sup> If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" (R.S. 38:2211 *et seq*) with "Louisiana Procurement Code."

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*The entity did not enter into any contracts during the period. No exceptions.*

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials<sup>20</sup> employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials<sup>21</sup> documented their daily attendance and leave (e.g., vacation, sick, compensatory);

*Employee timekeeping is entered by the employee into the timekeeping system (including PTO) and subsequently approved by their manager. PTO hours are accumulated within the system and tracked. No exception*

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

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<sup>20</sup> "Officials" would include those elected, as well as board members who are appointed.

<sup>21</sup> Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

*Tests A & B We selected the following staff from the 11/9/23 pay date for testing approved hours and pay rate.*

*Melanie Bardash*

*Kristopher Riley*

*Suzanna Charles*

*Lisa Coleman*

*Phyllis Lippen*

*No exceptions noted.*

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*The following terminated employees were selected for testing:*

*Shuntell Savoie 1/14/24 Pay rate checked; Hours approved, PTO paid*

*Andrea Mitchell 02/26/24 Pay rate checked; Hours approved, PTO paid*

*Verified pay rates were approved, hours work approved and accrued PTO was paid out. No exceptions.*

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*The payroll processor used by the HO remits all withholdings as outlined above. Reports from the vendor for March 2024 were reviewed noting withheld amounts were remitted.*

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## 10) **Ethics**<sup>22</sup>

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*As the entity is a non-profit organization this section is not applicable. However, the entity Board, ED, and BM are required to annually complete the "Fraud and Related Party Questionnaire" in connection with entity's annual external audit. Additionally, the ethics policy adopted by the AMI HO is available to all the entity's staff.*

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## 11) **Debt Service**<sup>23</sup>

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Items A and B are not applicable as the entity has not issued any debt instruments.*

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<sup>22</sup> The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

<sup>23</sup> This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

## **12) Fraud Notice<sup>24</sup>**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

*Management reports that there were no incidents of misappropriation of public funds or assets during the period 04/04/23-03/31/24.*

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The notice referred to above is posted at the entity.*

*No exceptions*

## **13) Information Technology Disaster Recovery/Business Continuity**

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*We reviewed a report provided by management that demonstrated the daily back-up of the entities data for the period under review. No exceptions.*

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*The HO IT department ensures data is backed up. First to One Drive in real time and then nightly to the cloud via another back-up application.*

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<sup>24</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs. The notice is available for download at [www.lla.la.gov/hotline](http://www.lla.la.gov/hotline)

*Verification of back-up operations is monitored daily with messages sent to IT identifying errors that may occur.*

*The HO IT does not verify restoration of back-up files on regular basis.*

*We met with a representative from IT at the HO who successfully demonstrated restoration of a sample of files.*

*No exceptions*

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*HO IT management maintains a company-wide complete listing of all computers. This inventory record is updated by the computer vendor automatically when new computers are shipped.*

*Anti-virus software is pushed to each computer when it initially connects to the network through the Mobile Device Management system. IT demonstrated the existence of anti-virus software on five computers (27PFLG3, 2RJT7s3, 47PFLG3, 7PCO3S2; F2HT7s3*

*HO uses CrowdStrike, Windows and Sage Intacct as their anti-virus, operating systems and accounting system, respectively. All applications are currently supported by the vendor.*

*No exceptions*

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*11/21/23 Kendrick Williams*

*01/14/24 Shuntell Savoie*

*02/26/24 Andrea Mitchell*

*12/29/23 Allishia Mahan*

*07/26/23 Linus Hagger*

*Access for these employees was observed as disabled.*

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267<sup>25</sup>. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

*The sample selected below was made from the report of New Employees during the period 04/01/23-03/31/24 to ensure this test was completed during the period under review and to test for compliance with current policy:*

Melanie Bardash	DOH 08/01/23	Completed 08/02/23
Shay Freeman	DOH 05/10/23	Not Completed
Buering Gallory	DOH 12/0/23	Not Completed
Bryson Joe	DOH 11/07/23	Not Completed
Lennell Paddio	DOH 07/17/23	Not Completed

*Exception noted. Management has committed to resolving the exception.*

*Security Awareness is covered in the Team Members Handbook that all staff in the sample have attested to reading.*

#### **14) Prevention of Sexual Harassment<sup>26</sup>**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each

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<sup>25</sup> While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

<sup>26</sup> While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*Melanie Bardash 02/29/24*

*Kristopher Riley 02/25/24*

*Suzanna Charles 02/23/24*

*Lisa Coleman 02/22/24*

*Phyllis Lappen 02/29/24*

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*The policy and process are posted at the entity in a conspicuous location.*

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

*The entity does not make an external annual sexual harassment report.*

*Item i*

*During the period 48 staff members out of a total 73, or 65.75% completed sexual harassment training.*

*Items ii thru v*

*There was only one harassment complaint received for the entity. This complaint resulted in a finding of harassment that resulted in termination. The time required to resolve the issue was not recorded.*



All procedures performed below were performed by AMIkids internal audit department. See below for procedures performed and results of procedures for each step listed.

## AMIkids Baton Rouge

### INSTRUCTIONS

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#### **Introduction**

The Louisiana Legislative Auditor (LLA) has prescribed statewide agreed-upon procedures (AUPs) below, which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including not-for-profit organizations) that meet the legal requirement to have an audit under the Audit Law<sup>1</sup> (i.e., public funds totaling \$500,000 or more in revenues and other sources). **This update to the AUPs will be effective for those entities that have fiscal years beginning on or after January 1, 2023 (Version 6).**

The AUPs are not intended to address all areas of risk within an entity. Instead, they are designed to address those areas that have resulted in the most frequent incidents of fraud, waste, or abuse of public funds. **The objective of the statewide AUPs is to correct internal control processes of local entities in order to lessen their risks of fraud, waste, or abuse in the future.**

The AUPs are applicable to all fund types (governmental, proprietary, and fiduciary, including custodial funds administered by sheriffs or other tax collectors). But see the [Single Audit](#) and [School Activity Fund](#) exemption sections following.

As has been in place since 2021, all entities not exempt from performing the AUPs as stated within the [Applicability of AUPs](#) section of this document are required to perform all applicable AUP categories.

#### **What's New?**

- Procedure 3 (Bank Reconciliations): Added that the review needs to be completed within 1 month of the date the reconciliation was prepared; and
- Procedure 13 (Information Technology Disaster Recovery/Business Continuity): Added to observe evidence that employees with access to the agency's information technology assets have received cybersecurity training as required by R.S. 42:1267.

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<sup>1</sup> R.S. 24:511-24:559

Additionally, edits have been made to existing instructions and Frequently Asked Questions (FAQs).

### **Applicable Auditing Standards**

The AUPs are to be performed in accordance with attestation standards (Statements on Standards for Attestation Engagements; SSAEs) established by the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards*, and the AUP report must be attached with the audit report that is submitted to the Legislative Auditor's office (i.e., one pdf file submitted to the LLA rather than two). The AUPs are required to be performed by the same firm that performs the annual audit; accordingly, a separate "engagement approval form" for the statewide AUP engagement is **not required**. The LLA is considered to be a specified party to the AUP engagements and acknowledges that the procedures performed are appropriate for our purposes by our acceptance of the standard audit engagement approval forms.

### **Reporting AUP Findings**

*Findings* are the factual results of the procedures performed, including sufficient details of any exceptions found. All exceptions found, other than those related to Information Technology Disaster Recovery/Business Continuity, are to be included in the AUP report with management's responses/corrective actions. To avoid potential conflicts with the attestation standards, we recommend that management prepare a single overall response to the AUP report. If management chooses **not** to respond to the AUP findings at all, the practitioner must include a statement that "management declined to respond to the findings or provide a plan of corrective action." If no exceptions are found when performing a procedure, "no exceptions were found as a result of this procedure" is an acceptable result in the AUP report.

To avoid the possible exposure of entity information technology vulnerabilities, we ask that results of the Information Technology Disaster Recovery/Business Continuity SAUP testing (Procedure 13) be discussed with management and **not shown within the AUP report**. Instead, we ask that each procedure under the Information Technology Disaster Recovery/Business Continuity AUP category be followed by the statement, "**We performed the procedure and discussed the results with management.**" *Note: The practitioner should maintain documentation of Information Technology Disaster Recovery/Business Continuity AUP testing and subsequent results in the engagement workpapers.*

The LLA does not intend to penalize entities for exceptions that do not directly correspond to control risks. Accordingly, if the practitioner found exceptions within an AUP category, based strictly on the wording of the procedure, but the practitioner believes that compensating controls **fully** mitigated the underlying control risk, the entity may report no exceptions. The practitioner should maintain documentation of compensating controls in the engagement workpapers.

### **Statewide Agreed-Upon Procedures Exceptions and the Schedule of Audit Findings**

The results of the AUPs do not change the practitioner's separate responsibility to report significant deficiencies, material weaknesses, material noncompliance, etc. as part of the regular audit engagement. However, the practitioner should not include the AUP exceptions or a reference to the exceptions in the audit report's schedule of findings unless an AUP or internal audit exception rises to the level of a significant deficiency or material weakness and is included as a finding for purposes of the audit. Similarly, AUP exceptions should not be copied and pasted as findings in the LLA report submission portal unless they are addressed as findings in the audit report.

### **Knowledge of Matters Outside Agreed-Upon Procedures**

Under the attestation standards, the practitioner need not perform procedures beyond the procedures agreed to and acknowledged by the engaging party to be appropriate for the intended purpose of the engagement. If, in connection with the application of the procedures and through the completion of the engagement, matters come to the practitioner's attention by other means that significantly contradict the subject matter referred to in the practitioner's report, the practitioner should discuss the matter with the engaging party and take appropriate action, including determining whether the practitioner's report should be revised to disclose the matter. While the reporting of these matters within the AUP report is at the practitioner's discretion, the practitioner still has an obligation to consider the associated risk/noncompliance as part of the audit.

If the practitioner has gained "knowledge of matters outside agreed-upon procedures" related to fraud, theft, or the pledge/loan/donation of public funds (LA Const. Art. 7, Section 14<sup>2</sup>), and the practitioner does not include these matters in either the AUP report or in the audit report, the practitioner **MUST** contact the LLA to discuss before submitting the reports.

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<sup>2</sup> Article 7, Section 14 of the Louisiana Constitution prohibits the loan, pledge, or donation of funds, credit, property, or things of value (e.g. cash advances or non-business purchases, regardless of whether they were reimbursed).

### **Applicability of AUPs – Local Governments and Quasi-Public Entities**

These statewide AUPs are applicable to all local governments and quasi-public entities defined in R.S. 24:513(A)(1)(b) paragraphs i through iii and v as follows:

- i. An organization, either not-for-profit or for-profit, created by the state of Louisiana or any political subdivision or agency thereof, any special district or authority, or unit of local government to perform a public purpose.*
- ii. An organization, either not-for-profit or for-profit, that is a component unit of a governmental reporting entity, as defined under generally accepted accounting principles.*
- iii. An organization, either not-for-profit or for-profit, created to perform a public purpose and having one or more of the following characteristics:*
  - aa. The governing body is elected by the general public.*
  - bb. A majority of the governing body is appointed by or authorized to be appointed by a governmental entity or individual government official as a part of his official duties.*
  - cc. The entity is the recipient of the proceeds of an ad valorem tax or general sales tax levied specifically for its operations.*
  - dd. The entity is able to directly issue debt, the interest on which is exempt from federal taxation.*
  - ee. The entity can be dissolved unilaterally by a governmental entity and its net assets assumed without compensation by that governmental entity.*
- v. Any organization, either not-for-profit or for-profit, which is subject to the open meetings law and derives a portion of its income from payments received from any public agency or body.*

### **Applicability of AUPs –Not-for-Profit Entities**

These AUPs are applicable **to only the public funds** of not-for-profit entities defined in R.S. 24:513(B)(1)(b)(iv) as follows:

- iv. Any not-for-profit organization that receives or expends any local or state assistance in any fiscal year. Assistance shall include grants, loans, transfers of property, awards, and direct appropriations of state or local public funds. Assistance shall not include guarantees, membership dues, vendor contracts for goods and services related to administrative support for a local or state assistance program, assistance to private or*

*parochial schools except as provided in R.S. 17:4022, assistance to private colleges and universities, or benefits to individuals.*

In addition, these AUPs are applicable to the not-for-profit entities defined in paragraph iv above only if their revenues and other sources of **public funds** total at least \$500,000. Only those AUP areas applicable to **public funds** administered by the not-for-profit entity are required to be included in the scope of the AUP engagement. The [Reporting Requirements for Not-for-Profit Organizations](#) document may be useful in identifying public assistance, calculating revenues and other sources of funds, and determining which type of report not-for-profit entities are required to submit to the LLA.

### **Applicability of AUPs – Multi-State Entities**

For **multi-state quasi-public and not-for-profit entities**, the AUPs are applicable for only Louisiana funds. For example, if a multi-state quasi-public entity with Louisiana offices has a payroll function that is not funded with Louisiana funds, then the payroll AUP section would not be applicable. However, if the New York office of a multi-state not-for-profit entity disburses Louisiana funds, then the non-payroll disbursements AUP section would be applicable.

### **Applicability of AUPs - Component Units**

The scope of the AUPs applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity. However, entities that are discrete component units of a primary government and separately report to the LLA are individually subject to the AUPs. Discrete component units that separately report to the LLA but have portions of their operations performed by the primary government (payroll processing, for example) are exempt from those portions of the AUPs relating to the operations performed by the primary government: instead, AUPs performed at the primary government should address those areas.

### **AUP Exemption – Single Audit**

If either a governmental, quasi-public entity or not-for-profit entity (collectively known as “local auditee”) has met the \$500,000 Audit Law threshold, and all or part of the entity’s public funds are federal major program funds (either direct or pass-through) tested under the entity’s Single Audit during the fiscal period, the entity may exclude those AUP categories that are covered under federal program testing, regardless of whether the federal program testing includes the same procedures or sample sizes. For example, a not-for-profit entity that has one federal program subject to Single Audit testing may exclude credit cards, travel expenditures, non-

payroll disbursements, contracts, and payroll and personnel if these areas are subject to testing under Allowable Costs and Procurement in the OMB Compliance Supplement; however, the entity would still be subject to other AUP areas that are not addressed in the OMB Compliance Supplement (e.g., board or finance committee, bank reconciliations). However, an entity that has other public funds not subject to testing under the Single Audit must still test those funds under the AUPs. In that situation, we recommend selecting sample sizes for the applicable AUP categories from the overall population of transactions and then removing those sample items that fall within Single Audit testing. Alternatively, the practitioner could apply a pro-rata ratio to the AUP sample sizes to accomplish the same goal.

#### **AUP Exemption – School or Student Activity Funds**

School or student activity fund accounts may be excluded from testing under the AUPs if they are otherwise addressed in a separately contracted audit or agreed-upon procedures engagement (which does not have to include the same procedures as in the AUPs). In this situation, the audit or agreed-upon procedures report is required to be submitted to the LLA as a separate engagement and is not required to be included in the pdf file with the practitioner's audit/AUP report.

#### **AUP Exemption – Coronavirus State and Local Fiscal Recovery Funds Recipients (CSLFR)**

LLA does not require a local auditee to provide for the statewide agreed-upon procedures report for fiscal years in which the local auditee would be required to provide for a review/attestation report, if not for the receipt of CSLFR funds (Assistance Listing Number 21.027) as explained in [Audit Risk Alert 46](#).

#### **Other Entities Exempt from the AUPs**

State entities whose financial information is included in the Annual Comprehensive Financial Report of the State of Louisiana are exempt from the statewide AUPs in this document.

Private and parochial schools, as well as university foundations, facility corporations, and booster associations, are specifically excluded by law from having to provide audit reports to the LLA and are exempt from the AUPs. Real estate for-profit limited partnership entities are exempt from the AUPs based on the nature of their operations.

### **Statewide AUPs Compared with Other Required AUP Types**

Please note that the statewide AUPs included in this document apply only to local governments and quasi-public entities that meet the requirement to have an audit under the Audit Law. The LLA also has 3 other types of agreed-upon procedures engagements that should not be confused with the statewide AUPs, as follows:

- State entity (not “statewide”) agreed-upon procedures are required for certain engagements for entities that are included in the state’s Annual Comprehensive Financial Report. These engagements are contracted directly by the LLA’s Financial Audit Services group and do not apply to local governments or quasi-public entities.
- Review/Attest engagements include agreed-upon procedures for local governments and quasi-public entities that differ from the statewide AUPs and apply only to those entities that receive public funds of at least \$200,000 but not more than \$499,999.
- Department of Education Performance Measures AUPs are required for school boards and charter schools.

More than one set of agreed-upon procedures may be required, depending on whether each criterion above has been met. For example, a parish school board with public funds of \$500,000 or greater would be subject to both the statewide AUPs and the Department of Education Performance Measures AUPs.

### **Options and Alternatives**

The practitioner may avoid duplication of existing audit procedures by using the same transactions for both audit and AUP purposes. For example, if the AUPs indicate that 10 random transactions should be selected and the practitioner would otherwise plan to test 25 random transactions as part of the entity’s audit, the practitioner may use the same 10 transactions for both the audit and the AUP engagement.

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month “fiscal period” that does not coincide with the entity’s fiscal year, as long as the 12-month fiscal period is no more than 3 months prior to the end of the entity’s fiscal year. For example, the practitioner may perform AUPs for the fiscal period April 1, 2023 through March 31, 2024 for an entity with a fiscal year ending June 30, 2024. All AUPs will reference “fiscal period” to mean the 12-months covered by the AUPs. If the entity elects to change its “fiscal period,” the subsequent year of AUP testing must not leave a gap between fiscal periods. For example, a change from a March 31 fiscal period end to a June 30 fiscal period end would require a 15-month AUP engagement in the year of change.



### **Using the Work of Internal Auditors or Other Practitioners**

In compliance with SSAE 19, the procedures to be enumerated or referred to in the practitioner's report should be performed by the engagement team or other practitioners and not by internal auditors.

Internal auditors may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the procedures. Also, internal auditors may perform and report separately on procedures that they have carried out. Such procedures may be similar to those that a practitioner may perform under this section.

A practitioner may perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may do the following:

- Repeat all or some of the procedures, or
- Determine whether the internal auditor's documentation indicates procedures performed and whether the findings documented are presented in a report by the internal auditors.

It is inappropriate for the practitioner to do the following:

- Merely read the internal auditors' report solely to describe or repeat their findings;
- Take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner's own; or
- Report in any manner that implies shared responsibility for the procedures with the internal auditors.

The practitioner must include a copy (or copies if the internal auditor has multiple reports that address AUP procedures) of the internal auditor's procedures performed and findings observed when submitting the audit report and AUP report to the LLA. In this situation, all three reports should be submitted to the LLA as one pdf file, and all three reports will be issued by the LLA as a public document. If the practitioner believes the AUPs collectively cannot be performed based on the nature of the entity's operations, please contact the LLA to request an exemption to the AUPs. If a specific procedure cannot be performed based on the nature of the entity's operations, an equivalent procedure may be substituted (e.g., alternate sampling population, alternate method of compiling documentation) at the practitioner's discretion. The substitute procedure is required to be included in the AUP report in place of the



original procedure, and this change in procedures may require the practitioner to update his or her client engagement agreement accordingly.

**Special Consideration for School Boards**

For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited. The practitioner is required to test documentation at the secretary/bookkeeper level only and is not required to test for completeness of revenues relative to classroom collections by teachers.<sup>3</sup>

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<sup>3</sup> This exclusion would also apply to procedure #4D(i) below.

# PROCEDURES

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Report all findings to the following procedures, either after each procedure or after all procedures, within each of the fourteen AUP categories. "Random" selections may be made using Microsoft Excel's random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

## **1) Written Policies and Procedures**

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:<sup>4</sup>

- I. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*The budgeting process is completed in Questica, a budget software. The Executive Director completes and enters the budget information and promotes to the Regional Director for review and approval. Once approved by the Regional Director, the budget is promoted to the Budget Office, where it is reviewed, approved, and promoted to the CEO. Once the CEO reviews and approves the budget it is promoted to the local Board for review and approval. Upon Local Board approval, the budget is promoted to the National Budget Committee for approval. Budget amendments are initiated by AMIkids CFO when contracts/grants are altered by the contracting agency/grantor, and amendments are subject to the same approval process.*

*Monitoring of the budget is accomplished by providing the program with monthly financial statements. The Executive Director reviews key issues and explains budget variances. The financial statements are discussed at each local Board meeting.*

*In addition, Internal Audit performs a high-level budget variance analysis that is used as part of the testing methodology during scheduled audits. Included as part of the test work is a review of program Board minutes where it is noted that the budget has been approved.*

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<sup>4</sup> For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- II. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

*Per the Finance Manual Purchase Orders (PO's) are to be prepared and approved by the Executive Director (ED) for all purchases over \$1,000 and further supported by three competitive bids for all non-routine/non-recurring expenditures. PO's are required to be two part forms with one part given to the vendor and one part retained by the program. PO copies are not submitted to Finance for payment processing. PO's are not required for routine/recurring purchases. IA does not test PO process as PO copies are not entered into the accounting system (Sage). In addition, most AP disbursements are routine or recurring in nature. IA does, however, ask to view bids for expenditures over \$1,000 as part of the test process.*

*The lack of purchase orders in the AP process is not considered a significant control deficiency given the nature of the program's expenses. However, all AP disbursements require the ED's approval. Non-routine, non-recurring AP disbursements over \$2,500 require the approval of the Regional Director and a board member.*

- III. **Disbursements**, including processing, reviewing, and approving.

*Invoices are received at the program, scanned to the Sage accounting software by the Business Manager (BM), routed to the ED, who reviews and approves them, and are subsequently routed in Sage to the Home Office (HO) Accounts Payable staff for review and issuing checks. Significant purchases greater than \$2,500 (beyond regular budgeted or business-related expenses) require the advance documented approval of the Regional Director and program Board. Checks issued for more than \$2,500 require the signature of a Board member in addition to that of the ED.*

*Checks issued in payment of invoices are mailed to vendors from the HO. Checks requiring second signature of a board member (>\$2,500) are forwarded to the program for signature and subsequently mailed to the vendor.*

- IV. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's

actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Cash collection (checks) can be received by either the program BM and/or the ED. All cash receipts are listed on a Daily Cash Receipts Log (DCRL), signed and approved by ED, uploaded to Sage and routed to Finance for posting to the GL. Submission to Finance includes a copy of the check, deposit receipt and any other pertinent documentation received with the check. As stated previously, bank statements are obtained directly from the financial institution by HO Finance for reconciliation. Physical cash receipts are rare and immaterial.*

*Note, the program's main deposit activity is through ACH credits from the AMIkids Home Office (HO).*

- V. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

*Payroll is processed semi-monthly by the AMIkids HO. Hourly employees are required to clock in/out of the timekeeping system for all hours worked (salaried staff hours are pre-populated in the PR system). Once hours worked are approved by the ED that includes review/approval of overtime and leave requests the data is submitted to the HO for final processing.*

*HO PR verifies update for new hires/terminations, reviews exception reports for issues which are then corrected as necessary. PR performs a variance analysis to prior pay period and investigates major variances. The PR file is then forwarded to the Accounting Manager for upload to GL. The final PR file is sent to the Controller for review and release to financial institution for processing.*

*HO Human Resources monitors timekeeping to ensure hours are approved in time for processing. HR also inputs pay rates and changes thereto to the PR system. Pay rates are also reviewed/set by the HO senior management.*

*No exceptions.*

- VI. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The Finance Manual addresses leases, independent contractors, rental agreements and promissory notes. All contracts must be in writing and include an "out clause". Significant contracts require obtaining three bids. The ED must get the Regional Director approval, AMIkids Support Services approval and Board approval. Monitoring contracts is the responsibility of the ED. Contracts are monitored indirectly by Finance AP and staff accounting functions. Internal Audit will select a sample of contracts for approval and review payments made under the contract.*

- VII. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The Finance Manual defines allowable expenses, dollar thresholds for meals and documentation requirements. The ED approves staff expense reports and the Executive Director's expenses are approved by the Regional Director.*

- VIII. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*The Finance Manual addresses security over the use and storage of credit cards, defines allowable uses and documentation in support of charges. All credit cards statements are required to be approved by the ED and subsequently submitted to AMIkids Home Office AP function for final review and subsequent payment.*

- IX. **Ethics<sup>5</sup>**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*Not applicable to the entity. However, AMIkids Inc., has policies in place regarding ethics dealing with reporting illegal, dishonest or fraudulent conduct. The program offers the "Report It" hotline to employees as a means of communicating their concerns confidentially. In addition, Internal Audit sends out a Fraud and Related Parties questionnaire annually to the Boar Chair of the program and the Executive Director. The questionnaire asks about transactions with related parties, fraud, departure from financial policies and financial reporting.*

- X. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*NA – Entity does not issue debt instruments.*

- XI. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*AMIkids HO has a formal IT policy that addresses items (1) through (6), above for all locations. No exceptions.*

- XII. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The AMIkids HO has a policy that prohibits sexual harassment of any form, requires the reporting of all incidents of suspected harassment to program management HO regional management and to the HO HR*

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<sup>5</sup> The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

*department. The HO HR Department investigates all claims of sexual harassment. All new hires are required to sign for having read the policy. AMIkids does not issue an annual report on sexual harassment prevention as AMIkids is a non-profit, not a government entity.*

## **2) Board or Finance Committee<sup>6</sup>**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*The Board typically meets every month to review financial results relating to public funds including budget-to-actual variances along with program management's explanation for the variances. There were no unassigned or negative ending balances.*

*No exceptions.*

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds<sup>7</sup>, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds<sup>8</sup> if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*See i), above.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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<sup>6</sup> These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

<sup>7</sup> Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

<sup>8</sup> R.S. 24:513 (A)(1)(b)(iv) defines public funds.



*NA, entity is a non-profit. No exception.*

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.<sup>9</sup>

*AMIkids Internal Audit provides follow-up review for resolution of findings at the next scheduled audit. Unresolved issues, depending on severity, are addressed as moderate risk issues and reported to the Board and HO Audit Committee*

*No exception.*

### **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts<sup>10</sup> (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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<sup>9</sup> No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

<sup>10</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.



*The entity has only one bank account. Review of the operating account noted to have been reconciled as of 03/31/24 and within 30 days of the statement date. The reconciliation was prepared by a HO Finance Department accountant and was subsequently reviewed/approved by a peer. The reconciliation has 18 aged (excess of 1 year old) items totaling \$1,224. These items are researched/resolved at 1 year old or by YE.*

*The entity does have a CD with a maturity date of 2/14/25.*

*No exceptions.*

#### **4) Collections (excluding electronic funds transfers)<sup>11</sup>**

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- A. Obtain a listing of deposit sites<sup>12</sup> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Deposits are received at the entity only. Checks received at the program are opened by the BM or ED. There are no other sites for the entity.*

- B. For each deposit site selected, obtain a listing of collection locations<sup>13</sup> and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;  
*NA – The entity does not use cash drawers*
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

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<sup>11</sup> The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

<sup>12</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>13</sup> A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

*Cash collection (checks) can be received by either the program Business Manager (BM) and or the Executive Director (ED). All cash receipts are listed on a Daily Cash Receipts Log (DCRL), signed and approved by ED and submitted to Finance for posting to the GL. Submission to Finance includes a copy of the check, deposit receipt and any other pertinent documentation received with the check. As stated previously, bank statements are received directly from the financial institution at Finance for reconciliation. Physical cash receipts are rare and immaterial.*

*Note, the program's main deposit activity is through ACH credits from the Department of Labor from vocational services grants.*

*No exceptions.*

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and  
*See ii., above.*
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.  
*See ii., above*
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.  
*AMIKids Home Office carries Fiduciary and Crime Liability coverage for the program. In addition, all employees must pass a criminal background screening prior to employment and again every 5 years thereafter.*
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
  - i. Observe that receipts are sequentially pre-numbered.<sup>14</sup>
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

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<sup>14</sup> The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt<sup>15</sup> at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

*Two deposits were selected from the audit period from general ledger posting for the operating account for testing as outlined above:*

*4/19/23 - Deposit totaling \$10,000*

*10/30/23 - Deposit totaling \$500*

*We reviewed the DCRL agreeing total deposit per the DCRL to the underlying checks received. Deposit total per the DCRL was traced and agreed to the bank deposit receipt and bank statement. Noted the bank deposit receipt to be dated the same date as the DCRL. No exceptions noted.*

#### **5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
*Input and approval of disbursements are processed at the entity location only.*
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;  
*The entity's BM is responsible for the input of invoices into the accounting system for payment. The invoice is electronically routed to the ED for approval. Non-recurring/routine purchases require the approval of the RD and Board. All disbursements are subsequently reviewed/approved by the HO AP department prior to printing/release/mailing of the checks to vendors.*

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<sup>15</sup> As required by Louisiana Revised Statute 39:1212.

- ii. At least two employees are involved in processing and approving payments to vendors;  
*See above.*
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;  
*Modification to vendor files must be submitted to HO AP department to the AP Request Inbox for review by the HO AP Supervisor and HO Controller.*
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and  
*Checks are image signed and mailed from the HO AP department. Checks requiring a second signature of a Board member are mailed by the entity.*
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.  
*These payments are approved by the ED and released by the HO AP department.*  
*No exceptions*

*[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*The following 5 disbursements were selected from the check register pulled from the Sage accounting system for the period under review and tested for agreement with the invoice, approval by appropriate entity management and approval by HO AP department.*

04/27/23	Vivid Ink Graphics	\$1,440.71
06/22/23	Pitney Bowes	\$155.55
01/04/24	R-R-R Screen Creations	\$1,023.92
02/08/24	Kidz Success Coach	\$997.00
02/29/24	US Bank Equipment	\$278.15

*No exceptions*

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

*Selected the following 5 ACH disbursements from the operating account statement tested in step 3A.*

03/01/24	Verizon Wireless	\$425.25
03/15/24	Waste Management	\$348.81
03/18/24	Cox Business	\$443.42
03/19/24	Entergy	\$1,365.59
03/19/24	Utility Payment Processing	\$190.90

*Noted agreement of charge on bank statement to invoice. Invoice was approved entity EP and HO AP staff. No exceptions.*

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards<sup>16</sup>. Obtain management's representation that the listing is complete.

*Per review of the Sage Accounting System AP check register the entity has the following credit cards*

*Home Depot*

*Office Depot – there were no charges made on this account during the period under review. No testing will be performed.*

*Wex Bank – Fuel card*

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
- ii. Observe that finance charges and late fees were not assessed on the selected statements.

07/12/23	Home Depot	\$56.01
01/04/24	WEX Fuel	152.09

*Statements and supporting invoices were approved. No exceptions. The WEX fuel card statement indicated fees/finance charges of \$95, exception.*

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10

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<sup>16</sup> Including cards used by school staff for either school operations or school activity fund operations.

transactions subject to inspection)<sup>17</sup>. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*The Home Depot statement had one current charge of \$57.09 that was supported by detailed receipt and clearly indicated the business purpose. There were no meals charged. No exception.*

## **7) Travel and Travel-Related Expense Reimbursements<sup>18</sup> (excluding card transactions)**

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- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
  - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));  
*AMikids Finance has established a meal allowance of \$46/day (\$10 for breakfast, \$12 for lunch and \$24 for dinner). Reimbursements for the full allowance are permitted only if the employee is actually traveling during the hours specified for each meal. As an example, if the employee departs the office/residence at 10 AM, the meal allowance reimbursement is for lunch and dinner only. The daily allowance is below the rate specified by the U.S. General Services administration.*

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<sup>17</sup> For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

<sup>18</sup> Non-travel reimbursements are not required to be inspected under this category.



- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Expense reports were selected from the Sage accounting system for the period under review, as follows:*

06/15/23	Daniel Woods	\$38.86
12/13/23	Farrah Anderson	\$52.24
05/18/23	Karryl Durr	\$46.28
09/07/23	Latosha Isaac	\$232.43
07/12/23	Latosha Isaac	\$60.00

*All expense reports were approved by the appropriate party, charges submitted were supported by detailed receipts and meal charges were within the per diem established in i., above. Business purpose was clearly documented. No exceptions.*

## **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law<sup>19</sup> (e.g., solicited quotes or bids, advertised), if required by law;

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<sup>19</sup> If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" (R.S. 38:2211 *et seq*) with "Louisiana Procurement Code."



- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*The entity entered into one contract for installation of a safety devise on the premises. The contract was approved by the Board without obtaining bids as the vendor has a long-term relationship with the entity.*

*We reviewed the invoice for the 02/22/24 payment noting agreement of the invoice amount to the terms of the contract.*

*No exception*

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials<sup>20</sup> employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials<sup>21</sup> documented their daily attendance and leave (e.g., vacation, sick, compensatory);  
*Employee timekeeping is entered by the employee into the timekeeping system (including PTO) and subsequently approved by their manager. PTO hours are accumulated within the system and tracked. No exception*
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

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<sup>20</sup> "Officials" would include those elected, as well as board members who are appointed.

<sup>21</sup> Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

*For items ii. and iii., see i., above.*

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

*The following staff were selected from the 1/05/24 pay period were selected for testing of authorization of pay rates and approval of hours worked/PTO taken.*

*Michael D. Henderson*

*Tasha Jackson*

*Farrah Addison*

*Karryl Durr*

*Daniel Woods*

*No exceptions.*

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*The following employees were selected for termination payment testing:*

*Audrey Perry            10/23/23*

*Norris L Wright        04/21/23*

*Examined approved time sheet, final pay stub and appropriate payment for unused PTO. No exceptions.*

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*The payroll processor used by the HO remits all withholdings as outlined above. Reports from the vendor for March 2024 were reviewed noting withheld amounts were remitted.*

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## **10) Ethics<sup>22</sup>**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*As the entity is a non-profit organization this section is not applicable. However, the entity Board, ED, and BM are required to annually complete the "Fraud and Related Party Questionnaire" in connection with entity's annual external audit. Additionally, the ethics policy adopted by the HO is available to all the entity's staff*

*No exception*

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## **11) Debt Service<sup>23</sup>**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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<sup>22</sup> The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

<sup>23</sup> This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

*Items A and B are not applicable as the entity has not issued any debt instruments.*

## **12) Fraud Notice<sup>24</sup>**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Management reports that there have no incidents of misappropriation of public funds or assets during the period 04/04/23-03/31/24.*

*The notice referred to above is posted at the location and provided a picture of same.*

*No exceptions.*

## **13) Information Technology Disaster Recovery/Business Continuity**

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*We reviewed a report provided by management that demonstrated the daily back-up of the entity's data for the period under review. No exceptions.*

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<sup>24</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs. The notice is available for download at [www.lla.la.gov/hotline](http://www.lla.la.gov/hotline)

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*The HO IT department ensures data is backed up. First to One Drive in real time and then nightly to the cloud via another back-up application. Verification of back-up operations is monitored daily with messages sent to IT identifying errors that may occur.*

*The HO IT does not verify restoration of back-up files on regular basis.*

*We met with a representative from IT at the HO who successfully demonstrated restoration of a sample of files.*

*No exceptions*

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*HO IT management maintains a company-wide complete listing of all computers. This inventory record is updated by the computer vendor automatically when new computers are shipped.*

*Anti-virus software is pushed to each computer when it initially connects to the network through the Mobile Device Management system. IT demonstrated the existence of anti-virus software on five computers (19S4PC3, 8VLI7S3, BTZ79S3, F5HJBS3, GBWGBS3).*

*HO uses CrowdStrike, Windows and Sage Intacct as their anti-virus, operating systems and accounting system, respectively. All applications are currently supported by the vendor.*

*No exceptions*

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*The following 4 employees were terminated during the period:*

*Norris Wright            04/21/23*

*Audrey Perry            10/23/23*

*Ireione Penn            12/11/23*

*Shandrika Jones    09/08/23*

*Access for these employees was observed as disabled. No exceptions.*

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267<sup>25</sup>. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

*The sample selected below was made from the report of New Employees during the period 04/01/23-03/31/24 to ensure this test targeted the period under review and to test for compliance with current policy:*

*Farrah Addison        DOH 06/21/23        Completed 12/01/23*

*Ta Leah Murray        DOH 08/07/23        Not Completed*

*Daniel Woods            DOH 07/02/23        09/11/23*

*Exception noted, management has committed to resolve this issue.*

*Security Awareness is covered in the Team Members Handbook that all staff in the sample have attested to reading.*

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<sup>25</sup> While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

#### **14) Prevention of Sexual Harassment<sup>26</sup>**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*Michael D. Henderson 12/15/23*

*Tasha Jackson 06/01/23*

*Farrah Addison 12/27/23*

*Karryl Durr 12/27/23*

*Daniel Woods 11/28/23*

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*The policy and process are posted at the entity in a conspicuous location.*

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

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<sup>26</sup> While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

- v. Amount of time it took to resolve each complaint.

*The entity does not make an external annual sexual harassment report.*

*Items ii. thru v.*

*There were no reported complaints during the period.*