

AMIkids Crossroads, Inc.

FINANCIAL STATEMENTS

June 30, 2016



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AMikids Crossroads, Inc.
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June 30, 2016

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
AMIkids Crossroads, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of AMIkids Crossroads, Inc. ("School"), a charter school and component unit of the District School Board of Charlotte County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School as of June 30, 2016 and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

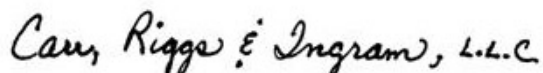
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
September 20, 2016



AMikids Crossroads, Inc. Management's Discussion and Analysis

Our discussion and analysis of AMikids Crossroads, Inc.'s (the "School") financial performance provides an overview of the School's activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the accompanying financial statements.

Overview of Financial Activity

The organization-wide and fund financial statements are combined for this annual report, as all activities of the School are governmental activities. The report consists of the organization-wide fund statements and notes to the financial statements. The statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances presents information showing how the School's net position changed during the most recent fiscal year. The School uses the economic resources measurement focus and the accrual basis of accounting. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable). Governmental activities are primarily supported by federal and state sources.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. A reconciliation of the organization-wide and fund financial statements are provided as part of the basic financial statements.

Financial Analysis

Over time, net position may serve as a useful indicator of the School's financial position. At the close of the fiscal year, liabilities exceeded assets by \$177,934. The School's 2015-16 operating budget was based on an average of 20.5 students and estimated revenue from all sources of \$80,924 per student for a total of \$1,658,939. Actual revenues were \$1,605,138, which includes grants and contribution and fundraising events. The School made capital purchases of \$13,941 for the year ended June 30, 2016.

AMikids Crossroads, Inc. Management's Discussion and Analysis

The following is a summary of changes in the statements of net position:

	FYE 2016	FYE 2015
Current assets	\$ 555,794	\$ 361,021
Capital assets	40,359	107,678
Total assets	596,153	468,699
Total current liabilities	129,227	128,513
Long-term liabilities	644,860	323,623
Total liabilities	774,087	452,136
Net position:		
Net investment in capital assets	30,999	95,556
Restricted	9,043	14,270
Unrestricted	(217,976)	(93,263)
Total net position & liabilities	\$ 596,153	\$ 468,699

Total assets increased \$127,454 primarily due to a \$172,373 increase in receivables, a \$16,374 increase in cash, and a \$67,319 decrease in net capital assets. Total liabilities increased \$321,951 primarily due to an increase in long-term liabilities.

The following is a summary of changes in the statements of activities:

	FYE 2016	FYE 2015
General revenue	\$ 1,605,138	\$ 1,441,211
Less: program expense	(1,799,635)	(1,673,337)
Net program expense	\$ (194,497)	\$ (232,126)

Total revenue and expense increased over the prior fiscal year primarily due to increased enrollment.

Financial Analysis (Continued)

The General Fund is the only operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$374,081 compared to \$180,824 at the end of the previous year. As a measure of the General Fund liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 19% of total General Fund expenditures as compared to 14% for the previous fiscal year ended. Expenditures were \$580,940 more than revenues in the General Fund in the current year as compared to the prior year in which expenses were \$248,293 more than revenues. Other financing sources were \$775,000 and \$206,500 in the years ending June 30, 2016 and 2015, respectively.

Economic Factors and Next Year's Budget

The overall financial position decreased and results of operations improved from the prior year. The School met all significant educational legal compliance requirements.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the School Administrator, 45991 Bermont Road, Punta Gorda, FL 33982.

AMIkids Crossroads, Inc.
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 42,068
Accounts receivable:	
Funding agencies	360,454
Other	18,296
Due from AMIkids and affiliated institutes	11,533
Prepaid expenses	43,443
Assets held for sale	80,000
Total current assets	555,794
Capital assets, net	40,359
Total assets	\$ 596,153
Liabilities	
Current liabilities	
Accounts payable	\$ 31,592
Accrued expenses	33,922
Due to AMIkids and affiliated institutes	58,137
Unearned revenues	5,576
Long-term liabilities	
Due within one year	637,915
Due after one year	6,945
Total liabilities	774,087
Net Position	
Net investment in capital assets	30,999
Restricted	9,043
Unrestricted	(217,976)
Total net position	(177,934)
Total liabilities and net position	\$ 596,153

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

AMikids Crossroads, Inc.
Statement of Activities
Year Ended June 30, 2016

	Governmental Activities
General Revenues	
Federal	\$ 254,419
Local and other	1,168,674
Grants and contributions	162,825
Miscellaneous	19,220
Total general revenues	1,605,138
Program Expenses	
Instruction	1,226,697
Instructional staff training	16,095
General administration	224,826
Food services	109,480
Pupil transportation services	2,897
Operation of plant	109,518
Maintenance of plant	48,550
Administrative technology services	24,420
Community services	19,114
Interest on long-term debt	18,038
Total program expenses	1,799,635
Change in net position	(194,497)
Net position - beginning	16,563
Net position - ending	\$ (177,934)

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

AMIkids Crossroads, Inc.
Balance Sheet – Governmental Fund
June 30, 2016

	General Fund
Assets	
Cash and cash equivalents	\$ 42,068
Accounts receivable:	
Funding agencies	360,454
Other	18,296
Due from AMIkids and affiliated institutes	11,533
Prepaid expenses	43,443
Assets held for sale	80,000
Total assets	\$ 555,794
Liabilities	
Current liabilities	
Accounts payable	\$ 31,592
Accrued expenses	33,922
Due to AMIkids and affiliated institutes	58,137
Unearned revenues	5,576
Total liabilities	129,227
Fund Balances	
Nonspendable - Prepaid expenses	43,443
Restricted - Education activities	9,043
Unassigned	374,081
Total fund balances	426,567
Total liabilities and fund balances	\$ 555,794

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

AMikids Crossroads, Inc.
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2016

Total Fund Balances - Governmental Fund	\$ 426,567
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	40,359
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(644,860)</u>
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Total Net Position - Governmental Activities	<u>\$ (177,934)</u>
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The accompanying notes are an integral part of these financial statements.

AMikids Crossroads, Inc.
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
Year ended June 30, 2016

	General Fund
Revenues	
Federal	\$ 254,419
Local and other	1,168,674
Investment earnings	43
Grants and contributions	162,825
Miscellaneous	19,177
Total revenues	1,605,138
Expenditures	
Current - Education:	
Instruction	1,145,437
Instructional staff training	16,095
General administration	224,826
Food services	109,480
Pupil transportation services	2,897
Operation of plant	109,518
Maintenance of plant	48,550
Administrative technology services	24,420
Community services	19,114
Capital outlay	13,941
Debt service:	
Principal	453,762
Interest	18,038
Total expenditures	2,186,078
Deficiency of Revenues	
Under Expenditures	(580,940)
Other Financing Sources:	
Proceeds from notes payable	775,000
Change in fund balance	194,060
Fund balance at beginning of year	232,507
Fund balance at end of year	426,567

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

AMikids Crossroads, Inc.

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balance to the
Statement of Activities
Year ended June 30, 2016**

Net change in fund balance - Governmental Fund **\$ 194,060**

Amounts reported for governmental activities in the statement
of activities are different because

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense. This
is the amount of capital outlays (\$13,941) in the current period in excess
of the amount of depreciation expense (\$81,260) (67,319)

Principal payments on long-term debt are expenditures in the
governmental funds, but the repayments reduce long-term liabilities
in the statement of net position. 453,762

Proceeds from notes payable are reported as other financing sources
in governmental funds and as long-term liabilities in the statement
of net position. (775,000)

Change in Net Position - Governmental Activities **\$ (194,497)**

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

AMikids Crossroads, Inc.
Required Supplementary Information
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2016

	General Fund Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Federal	\$ 277,645	\$ 277,645	\$ 254,419	\$ (23,226)
Local and other	1,148,094	1,148,094	1,168,674	20,580
Grants and contributions	215,800	215,800	162,825	(52,975)
Miscellaneous	17,400	17,400	19,220	1,820
Total revenues	1,658,939	1,658,939	1,605,138	(53,801)
Program Expenditures				
Instruction	1,125,845	1,125,845	1,226,697	100,852
Instructional staff training	13,082	13,082	16,095	3,013
General administration	205,040	205,040	224,826	19,786
Food services	99,537	99,537	109,480	9,943
Pupil transportation services	4,250	4,250	2,897	(1,353)
Operation of plant	105,321	105,321	109,518	4,197
Maintenance of plant	45,691	45,691	48,550	2,859
Administrative technology services	20,586	20,586	24,420	3,834
Community services	9,754	9,754	19,114	9,360
Interest on long-term debt	10,471	10,471	18,038	7,567
Total expenditures	1,639,577	1,639,577	1,799,635	160,058
Change in fund balance	19,362	19,362	(194,497)	(213,859)
Fund balance - beginning	16,563	16,563	16,563	
Fund balance - ending	\$ 35,925	\$ 35,925	\$ (177,934)	

Reconciliation to GAAP Basis

Amounts reported in the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds are reported on the modified accrual basis of accounting. The budget was prepared using the accrual basis of accounting. The differences for the fiscal year ended June 30, 2016 are:

Capital outlays are reported in modified accrual basis of accounting as expenditures. However, in the accrual basis, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense \$81,260 in excess of capital outlays \$13,941.	\$ 67,319
Principal payments on notes payable are expenditures in the modified accrual basis of accounting (\$453,762) and the repayments reduce notes payable in the accrual basis.	(453,762)
Proceeds from loans and collateralized borrowings are reported as other financing sources in governmental funds and as long-term liabilities in the statement of net position.	775,000
Net change in fund balance - general fund	<u>\$ 194,060</u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

AMikids Crossroads, Inc. (the “School”), a charter school and a component unit of the School District of Charlotte County, Florida, is part of the Florida system of public education under the general direction of the State Department of Education. The School is engaged in the delivery of stability and future preparation of difficult-to-place teenage boys in the Florida foster care system by providing residential care in addition to education, treatment and behavior modification as components of the AMikids Personal Growth Model®. These services are performed by the School, which is one of over forty affiliated, but independently governed member institutes and schools located in Florida, Georgia, Louisiana, Missouri, New Mexico, North Carolina, South Carolina, Texas and Virginia. The Institute’s educational component is accredited by AdvancED®, a global accrediting agency dedicated to advancing excellence in schools, universities, and educational agencies. AMikids, Inc. (“AMikids”) is located in Florida and executes the contracts, collects funds, coordinates the operations and manages the record keeping of these member institutes and schools through a subcontract agreement between AMikids and the School. The School’s operating funds were primarily generated from state contracts and federal and local funds. Continued operation of the School’s foster care program is dependent on continued funding from local agencies as well as financial and other support from AMikids.

The Florida Department of Education (the “Department”) has concluded that Florida charter schools are component units of the sponsoring school board. To facilitate accounting and reporting to school boards, charter schools are encouraged to use the governmental reporting model and follow the fund and account structure provided in the Financial and Program Cost Accounting and Reporting for Florida Schools manual issued by the Department. The School is required by contract with the School Board to use the governmental reporting model and the Department’s accounting and reporting manual.

These financial statements present the financial position and results of operations of the applicable funds controlled or dependent upon the School. In evaluating the School as a reporting entity, management has addressed all potential component units for which the School may or may not be financially accountable and, as such, are included in the School’s financial statements. No component units exist that would require inclusion in the School’s financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. The School only has governmental activities and does not engage in any business-type activities. Direct expenses are those that are clearly identifiable with a specific function or segment. General revenues include amounts received from federal, state and local sources. The School reports the following major governmental fund:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

General Fund – The general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and long-term debt agreements are recorded only when payment is due.

Budgets and Budgetary Accounting

Budgets are prepared and original budgets are adopted annually for the General Fund in accordance with procedures and time intervals prescribed by the Board of Trustees (the "Board") of the School. During the fiscal year ended June 30, 2016, the Board adopted an annual budget for the General Fund. The budget is prepared using the economic resources measurement focus and the budgetary basis of accounting. The School is not required to submit its budget to any regulatory agencies.

Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instructional, school administration, and debt service) and may be amended at any Board meeting prior to the due date of the annual financial report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash is made up of cash on hand and in interest-earning checking accounts. All cash deposits are held in banks that qualify as public depositories under Florida law.

Capital Assets

Capital assets consist of buildings and improvements and furniture, fixtures and equipment. Capital assets are defined by the School as assets with an initial individual cost of at least \$500 and an estimated useful life of at least one year. Such assets are recorded at cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. Depreciation has been provided on capital assets using the straight-line method over the estimated useful lives of the various classes of depreciable assets, which range from three to ten years.

Long-term Debt

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current year information relative to changes in long-term debt is described in subsequent notes.

Net Position and Fund Balance Classification

Government-wide Financial Statements

Net Position is classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balance Classification (Continued)

Fund Financial Statements

GASB Codification Section 1800.142, Fund Balance Reporting and Governmental Fund Type Definitions, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

State Sources

The state provides financial assistance to administer certain categorical educational programs. Department rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended, as of the close of the fiscal year, be carried forward into the following year to be expended for the same categorical education programs.

The Department generally requires that categorical educational program revenues be accounted for in the General Fund.

The state allocates gross receipt taxes, generally known as Public Education Capital Outlay money, to local School Boards on an annual basis. The Boards are authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. The School recognizes any revenues from these sources when appropriated.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

AMikids Crossroads, Inc. is exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

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

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through September 20, 2016, which is the date the financial statements were available to be issued.

AMikids Crossroads, Inc.
Notes to Financial Statements

NOTE 2: CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Buildings and leasehold improvements	\$ 1,143,376	\$ -	\$ -	\$ 1,143,376
Furniture, fixtures and equipment	401,743	13,941	(2,828)	412,856
Motor vehicles	34,202	-	-	34,202
Construction in progress	-	-	-	-
Total capital assets	1,596,202	13,941	(2,828)	1,607,315
Less: accumulated depreciation	1,488,524	81,260	(2,828)	1,566,956
Net capital assets	\$ 107,678	\$ (67,319)	\$ -	\$ 40,359

Depreciation was charged to functions, as follows:

<i>For the year-ended June 30,</i>	2016
<u>Instructional</u>	<u>\$ 81,260</u>

NOTE 3: NOTES PAYABLE

Notes payable activity for the fiscal year ended June 30, 2016 as follows:

	Balance July 1	Additions/ Adjustment	Reductions/ Adjustment	Balance June 30	Amounts due within one year
Governmental Activities					
Note payable to AMikids, due Jan 2017 interest charges accruing at 2.86% per annum; secured by property	\$ 311,500	\$ 775,000	\$ (451,000)	\$ 635,500	\$ 635,500
Note payable in monthly installments of \$256 including interest at 7.94% , due Jan. 2020	12,122	-	(2,762)	9,360	2,415
Total Governmental activities debt	\$ 323,622	\$ 775,000	\$ (453,762)	\$ 644,860	\$ 637,915

AMIkids Crossroads, Inc.
Notes to Financial Statements

NOTE 3: NOTES PAYABLE (Continued)

Annual maturities of notes payable are as follows:

<u>Year ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 647,656	\$ 637,915	\$ 9,741
2018	3,072	2,614	458
2019	3,072	2,830	242
2020	1,536	1,501	35
	<u>\$ 655,336</u>	<u>\$ 644,860</u>	<u>\$ 10,476</u>

It is the intention of AMIkids, Inc. to continue to support the operations of the School and provide working capital as needed to the extent the School remains in compliance with its AMIkids, Inc. contract.

NOTE 4: RELATED PARTY TRANSACTIONS

As stated in Note 1, AMIkids executes the contracts, collects funds, coordinates the operations and manages the record keeping of the School. For providing these and other services, AMIkids was paid \$175,024 in fiscal 2016, which was recorded as general administration in the accompanying statement of activities. Amounts to be retained are determined by AMIkids management.

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

Due from AMIkids and affiliated Institutes at June 30, 2016 consists of:

	2016
<u>Affiliate trade receivables</u>	<u>\$ 11,533</u>

As stated in Note 3, note payable to AMIkids at June 30, 2016 is \$635,500.

NOTE 5: PENSION PLAN

AMIkids maintains a noncontributory defined contribution money purchase pension plan covering all full-time employees who have completed two years of service and have attained the age of 20 ½ years and the School is a participant in the Plan. Contributions to the Plan are based on a percentage of each employee's compensation for the year. The pension expense for the year ended June 30, 2016 totaled \$39,370.

NOTE 6: CONTINGENCIES

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

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

NOTE 7: SUBSEQUENT EVENTS

The School has evaluated events and transactions occurring subsequent to June 30, 2016 as of September 20, 2016 which is the date the financial statements were issued. Subsequent events occurring after September 20, 2016 have not been evaluated by management. No material events have occurred since June 30, 2016 that requires recognition or disclosure in the financial statements.

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

The Board of Trustees
AMIkids Crossroads, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and the major fund of AMIkids Crossroads, Inc. ("School"), a charter school and component unit of the District School Board of Charlotte County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

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

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

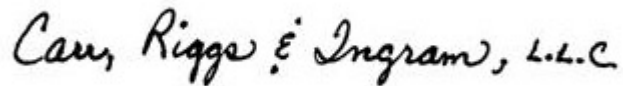
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
September 20, 2016

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850, RULES OF THE AUDITOR GENERAL

To the Board of Trustees
AMIkids Crossroads, Inc.
Punta Gorda, Florida

Report on the Financial Statements

We have audited the financial statements of AMIkids Crossroads, Inc. ("School"), a charter school and component unit of the District School Board of Charlotte County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated September 20, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America' the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in the report, which is dated September 20, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding audit report.

Financial Condition

Section 10.854(1)(e)2, Rules of the Auditor General, requires that we report the results of our determination as to whether or not the AMIkids Crossroads, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that AMIkids Crossroads, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the AMIkids Crossroads, Inc. It is management's responsibility to monitor the AMIkids Crossroads, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the AMIkids Crossroads, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the AMIkids Crossroads, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

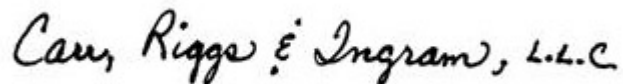
Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
September 20, 2016