



**AMIkids Panama City Marine Institute, Inc. and
Affiliate**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023

(With comparative financial information for 2022)



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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
AMIkids Panama City Marine Institute, Inc. and Affiliate

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AMIkids Panama City Marine Institute, Inc. and Affiliate (Institute), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AMIkids Panama City Marine Institute, Inc. and Affiliate as of June 30, 2023, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AMIkids Panama City Marine Institute, Inc. and Affiliate 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 opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2023, the Institute adopted FASB Accounting Standards Codification (ASC) 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AMIkids Panama City Marine Institute, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 consolidated 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 consolidated 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 consolidated 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 AMIkids Panama City Marine Institute, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AMIkids Panama City Marine Institute, Inc. and Affiliate'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 consolidated financial statements as a whole. The accompanying supplemental schedules, as described in the table of contents, are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was

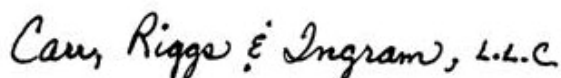
derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as described in the table of contents, is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024, on our consideration of AMIkids Panama City Marine Institute, Inc. and Affiliate’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 solely 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 the effectiveness of AMIkids Panama City Marine Institute, Inc. and Affiliate’s 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 Panama City Marine Institute, Inc. and Affiliate’s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited AMIkids Panama City Marine Institute, Inc. and Affiliate’s 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



CARR, RIGGS & INGRAM

Tampa, Florida
February 23, 2024



FINANCIAL STATEMENTS



**AMIkids Panama City Marine Institute, Inc. and Affiliate
Consolidated Statements of Financial Position**

<i>June 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 334,370	\$ 526,200
Accounts receivable:		
Funding agencies	24,946	32,888
Other	146,144	130,151
Prepaid expenses and other assets	38,083	26,104
Due from affiliates	263,252	155,476
Boat inventory	5,829	5,829
Property and equipment, net	3,558,733	2,911,196
Finance lease right-of-use assets, net	2,521	-
Total assets	\$ 4,373,878	\$ 3,787,844
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 7,354	\$ 35,367
Accrued expenses	40,291	26,827
Accrued pension	1,152	889
Due to affiliates	117,721	15,391
Deferred revenues	-	6,250
Finance lease liabilities	2,555	-
Total liabilities	169,073	84,724
Net Assets:		
Without donor restrictions	4,064,551	3,579,917
With donor restrictions	140,254	123,203
Total net assets	4,204,805	3,703,120
Total liabilities and net assets	\$ 4,373,878	\$ 3,787,844

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

AMIkids Panama City Marine Institute, Inc. and Affiliate Consolidated Statements of Activities

<i>For the years ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Summarized Total
Public support and revenue:				
Public support				
Federal	\$ 277,354	\$ -	\$ 277,354	\$ 292,420
State	173,293	-	173,293	124,028
Regional	150,500	-	150,500	-
Contributions	351,286	48,194	399,480	369,956
Total public support	952,433	48,194	1,000,627	786,404
Revenue				
Investment income	4	-	4	3
Other	678,277	-	678,277	19,742
Total revenue	678,281	-	678,281	19,745
Net assets released from restrictions	31,143	(31,143)	-	-
Total public support and revenue	1,661,857	17,051	1,678,908	806,149
Expenses:				
Program services	1,149,650	-	1,149,650	847,773
Management and general	27,573	-	27,573	28,509
Total expenses	1,177,223	-	1,177,223	876,282
Change in net assets	484,634	17,051	501,685	(70,133)
Net assets, beginning of year	3,579,917	123,203	3,703,120	3,773,253
Net assets, end of year	\$ 4,064,551	\$ 140,254	\$ 4,204,805	\$ 3,703,120

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

AMIkids Panama City Marine Institute, Inc. and Affiliate
Consolidated Statements of Functional Expenses

<i>For the years ended June 30,</i>	Program Services			Management and General	2023 Total	2022 Total
	Rehabilitation	Charter School	Total Program Services			
Direct	\$ 21,670	\$ 18,816	\$ 40,486	\$ -	\$ 40,486	\$ 27,024
Salary and Wages	163,894	320,409	484,303	-	484,303	288,234
Payroll Benefits	110,216	9,475	119,691	-	119,691	93,372
Payroll Taxes	34,646	-	34,646	-	34,646	20,209
Professional Fees	5,808	14,163	19,971	12,029	32,000	11,881
Grants Awarded Expense	5,864	-	5,864	-	5,864	-
Advertising and Promotion	116,766	18,562	135,328	-	135,328	45,911
Amortization	840	-	840	-	840	-
Bad Debt and Other Losses	-	-	-	25	25	-
Fundraising Fees	-	-	-	-	-	987
Conferences, Conventions, and Meetings	9,906	3,542	13,448	1,278	14,726	4,302
Depreciation	105,866	1,162	107,028	-	107,028	89,155
Facilities	1,693	-	1,693	-	1,693	2,965
Insurance	24,063	15,105	39,168	2,976	42,144	132,318
Interest and Bank Charges	-	-	-	818	818	1,433
Internet and Cloud Services	-	-	-	-	-	6,419
Office Supplies	3,448	1,322	4,770	3,845	8,615	8,010
Other Expenses	7,879	15,891	23,770	5,741	29,511	64,671
Repairs and Maintenance	81,894	5,767	87,661	103	87,764	54,330
Taxes	486	-	486	758	1,244	691
Telecommunication	3,273	-	3,273	-	3,273	3,528
Travel Expenses	4,370	-	4,370	-	4,370	2,122
Utilities	22,854	-	22,854	-	22,854	18,712
Payments to Affiliates	-	-	-	-	-	8
Total expense	\$ 725,436	\$ 424,214	\$ 1,149,650	\$ 27,573	\$ 1,177,223	\$ 876,282

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

AMIkids Panama City Marine Institute, Inc. and Affiliate Consolidated Statements of Cash Flows

<i>For the years ended June 30,</i>	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 501,685	\$ (70,133)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	107,868	89,155
Loss on disposal of property and equipment	-	43,283
Gain on insurance proceeds	(667,740)	-
Donated property and equipment	-	(12,724)
(Increase) decrease in:		
Accounts receivable	(8,051)	(19,033)
Prepaid expenses and other	(11,979)	22,052
Boat Inventory	-	2,181
Due from affiliates	151,977	121,847
Increase (decrease) in:		
Accounts payable	(28,013)	33,551
Accrued expenses	13,464	(13,089)
Accrued pension	263	(99)
Deferred revenues	(6,250)	6,250
Due to affiliates	102,330	321
Net cash and cash equivalents provided by operating activities	155,554	203,562
Cash flows from investing activities:		
Proceeds from insurance settlement	407,987	-
Purchases of property and equipment	(754,565)	(320,854)
Net cash and cash equivalents used in investing activities	(346,578)	(320,854)
Cash flows from financing activities:		
Payments on finance lease liabilities	(806)	-
Net cash and cash equivalents used in financing activities	(806)	-
Net decrease in cash and cash equivalents	(191,830)	(117,292)
Cash and cash equivalents at beginning of year	526,200	643,492
Cash and cash equivalents at end of year	\$ 334,370	\$ 526,200
Supplemental disclosure of noncash investing and operating activities:		
Cash paid for interest	\$ 82	\$ -
Lease liabilities arising from obtaining right-of-use assets		
Finance lease	\$ 3,361	\$ -

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

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

AMIkids Panama City Marine Institute, Inc. and AMIkids Panama City Properties, Inc., non-profit corporations (collectively referred to as "Institute"), are engaged in the rehabilitation of delinquent youth by providing education, treatment and behavior modification as components of the AMIkids Personal Growth Model[®]. These services are performed by the Institute, which is one of over forty affiliated, but independently governed member programs and schools located in Alabama, Florida, Georgia, Louisiana, New Mexico, North Carolina, South Carolina, Texas and Virginia. The Institute's educational component is accredited by Cognia, a global accrediting agency dedicated to advancing excellence in schools, universities, and educational agencies.

The Institute entered into a Type 1 charter school contract with Bay County School Board (BCSB) to operate a Charter School in Panama City, Florida. The Charter School serves Bay County students in grades 9-12 who are eligible to attend a public school in Bay County and provides multiple pathways to college and career. Each student has the opportunity to participate in Leadership, Construction, and Aerospace courses in addition to traditional high school courses. The Institute is an independent non-profit entity, separate and distinct from the Bay County School Board, the primary government and reporting entity. However, the Charter School is a component unit of BCSB and the School's financial statements are included in the BCSB's basic financial statements as a component unit. All net position and activities of the charter school operation are included in AMIkids Panama City Marine Institute, Inc. Separate disclosure of the charter school's position and activities in accordance with reporting requirement of the Florida Department of Education is included as supplementary information to the Institute's financial statements.

AMIkids, Inc. (AMIkids) is the sole member of the Institute. AMIkids is located in Florida and executes the contracts, collects funds, coordinates the operations and manages the record keeping of these member programs and schools through a subcontract agreement between AMIkids and the Institute. The Institute's operating funds are primarily generated from state contracts, local funds and contributions.

Continued operation of the Institute's rehabilitation and charter school programs are dependent on continued funding from AMIkids' federal and state contracts and local agencies as well as financial and other support from AMIkids.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material.

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accompanying consolidated 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 consolidated financial statements include the accounts of AMIkids Panama City Marine Institute, Inc. and AMIkids Panama City Proprieties, Inc. All significant intercompany balances and transactions have been eliminated.

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable consists primarily of receivables from federal and state agencies and county school boards. The Institute reviews outstanding receivables for collectability based on historical payment history from the payer and any known circumstances casting doubt over the collectability of accounts and reserves for amounts considered to be uncollectible. The Institute considers its accounts receivable to be fully collectible and therefore, has not recorded an allowance for doubtful accounts. Amounts becoming uncollectible will be charged against the allowance for doubtful accounts when that determination is made.

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses on the consolidated statement of net position. The cost of prepaid expenses is recorded as an expense when consumed rather than when purchased.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost, if purchased or at estimated fair value at date of receipt if donated. Property and equipment transferred to the Institute by a funding agency are stated at estimated fair value at date of transfer. Property transferred or acquired with grant funds may revert to the funding agency should the Institute no longer provide the rehabilitation services required by the contract. At the time property is retired, or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in earnings. Repairs and maintenance are expensed when incurred. Depreciation and amortization is calculated using the straight-line method over the following estimated useful lives of the assets:

Permanent site improvements	10 years
Buildings and improvements	10-20 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	3-5 years
Boats, motors and trailers	3 years

Deferred Revenue

Deferred revenue is related to grants collected in advance of revenue recognition.

Impairment of Long-Lived Assets

The Institute 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.

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Institute leases equipment. The Institute determines if an arrangement is a lease at inception. Finance leases are included in finance lease right-of-use (ROU) assets and finance lease liabilities on the statements of financial position.

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. As most of the leases do not provide an implicit rate, the Institute uses its incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Institute 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 Institute uses rates implicit in the lease, or if not readily available, the Institute 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 Institute's assets. Determining a credit spread as secured by the Institute's assets may require significant judgment.

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.

A significant portion of 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 revenue.

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 without donor restrictions.

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Amounts are reported in the consolidated 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, 2023 and 2022, donated services were not material to the consolidated financial statements.

Functional Allocation of Expenses

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

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Institute is exempt from taxes on income other than unrelated business income. The Institute utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the Institute has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain items on the consolidated statements of functional expense related internet and cloud services have been reclassified in the 2022 financial statements to agree to the current presentation. There was no impact to the change in net assets.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, February 23, 2024, and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Institute adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. There were no leases in effect during the year-ended June 30, 2022.

The Institute elected the available practical expedients to account for existing capital leases as finance leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Institute recognized on July 1, 2022 a lease liability at the carrying amount of the capital lease obligations on June 30, 2022, of \$-0- and a right-of-use asset at the carrying amount of the capital lease asset of \$-0-.

The standard had a material impact on the Institute's statement of net position, but did not have an impact on the statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities, while the accounting for finance leases remained substantially unchanged.

Note 2: COMPARATIVE FINANCIAL INFORMATION

The consolidated 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 Institute's consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 3: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consists of:

	2023	2022
Land and permanent site improvements	\$ 519,287	\$ 519,287
Buildings and improvements	2,420,984	203,756
Furniture, fixtures and equipment	328,807	272,200
Motor vehicles	35,511	35,511
Boats, motors and trailers	253,070	271,153
Software	10,000	-
Construction in progress	656,666	2,198,795
	4,224,325	3,500,702
Less accumulated depreciation	(665,592)	(589,506)
Property and equipment, net	\$ 3,558,733	\$ 2,911,196

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 amounted to \$107,868 and \$89,155, respectively.

Note 4: LEASES

The Institute has finance leases for equipment. The leases have remaining lease terms of 2 to 3 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 2 years. As of June 30, 2023, assets recorded under finance leases were \$3,361 and accumulated amortization associated with finance leases was \$840.

The components of lease expense consist of the following:

<i>For the years ended June 30,</i>	2023
Finance lease cost	
Amortization of right-of-use assets	\$ 840
Interest on lease liabilities	82
Total finance lease cost	\$ 922

AMIkids Panama City Marine Institute, Inc. and Affiliate
Notes to Consolidated Financial Statements

Note 4: LEASES (Continued)

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

<i>For the years ended June 30,</i>	2023
Weighted average remaining lease term	
Finance leases	3 years
Weighted average discount rate	
Finance leases	2.75%

The maturities of lease liabilities subsequent to June 30, 2023 consist of the following:

<i>For the years ended June 30,</i>	
2024	\$ 888
2025	888
2026	888
<hr/>	
Total future minimum lease payments	2,664
Less imputed interest	(109)
<hr/>	
Present value of lease liabilities	\$ 2,555

Note 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Education/scholarship	\$ 19,000	\$ 19,000
Building/equipment	114,883	100,473
Experiential activities	910	1,220
Workforce development	310	-
Other	5,151	2,510
<hr/>		
	\$ 140,254	\$ 123,203

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 5: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by occurrence of events specified by donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Education/scholarship	\$ 9,744	\$ 3,557
Building/equipment	13,590	5,076
Experiential activities	1,500	-
Other	6,309	-
	\$ 31,143	\$ 8,633

Note 6: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

<i>As of June 30,</i>	2023
Cash and cash equivalents	\$ 334,370
Accounts receivable	171,090
Due from affiliates	263,252
Total	768,712
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(140,254)
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 628,458

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

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

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

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 7: RELATED PARTY TRANSACTIONS

As stated in Note 1, AMIkids executes the contracts, collects funds, coordinates the operations and manages the record keeping of the Institute and remits these funds to the Institute on a monthly basis in accordance with the subcontract agreement. For providing these and other services, AMIkids was paid \$202 and \$-0- in fiscal 2023 and 2022, respectively, which was recorded as management fee and other expense included in program services and management and general in the accompanying consolidated statement of functional expenses.

Amounts due from AMIkids and other affiliates at June 30, 2023 and 2022 consists of:

	2023	2022
Affiliate trade receivables	\$ 3,499	\$ 10,118
Insurance proceeds from affiliates	259,753	145,358
Total	\$ 263,252	\$ 155,476

The Institute periodically enters into transactions with AMIkids and affiliated Institutes for intercompany billings of common costs and services received or rendered. The Institute 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.

Amounts due to AMIkids and other affiliates at June 30, 2023 and 2022 consists of:

	2023	2022
Affiliate trade payables	\$ 117,721	\$ 15,391

Note 8: PENSION PLAN

AMIkids maintains a noncontributory defined contribution money purchase pension plan covering all full-time employees who have completed two years of service and have attained the age of 20 ½ years. Contributions to the Plan are based on a percentage of each employee's compensation for the year. The pension expense for the years ended June 30, 2023 and 2022 totaled \$30,710 and \$32,738, respectively.

Note 9: CONTINGENCIES

A substantial portion of AMIkids and the Institute'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 Institute'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.

AMIkids Panama City Marine Institute, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 9: CONTINGENCIES (Continued)

In the opinion of AMIkids and the Institute's management, no public support funds will be required to be refunded. Accordingly, no provision for such contingency has been made in these consolidated financial statements.

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

Note 10: CONCENTRATIONS OF CREDIT RISK

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



SUPPLEMENTARY INFORMATION



**AMIkids Panama City Marine Institute, Inc. and Affiliate
Charter School Balances and Information
Net Position**

	Governmental Activities
Assets	
Due from related party	\$ 34,317
Prepaid expenses	1,232
Capital assets, net	3,488
<hr/>	
Total assets	39,037
<hr/>	
Liabilities	
Accounts payable	3,097
Due to affiliate	47,905
Due to rehabilitation program services	159,006
Accrued expenses	7,542
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Total liabilities	217,550
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Net Position	
Net Investment in Capital Assets	3,488
Unrestricted	(182,001)
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Total net position	\$ (178,513)
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Note: Information presented in this supplementary information is to present the standalone assets, liabilities and net position of the charter school program.

AMIkids Panama City Marine Institute, Inc. and Affiliate Charter School Balances and Information Activities

	Expenses	Program Revenues		Net (Expenses)
		Operating Grants and Contributions	Governmental Activities	Revenue and Changes Net Position
Governmental Activities:				
Instruction	\$ 347,109	\$ 87,430		\$ (259,679)
Other Instruction	2,501	-		(2,501)
Instructional staff training services	3,514	-		(3,514)
Instruction-related technology	17,041	6,448		(10,593)
School administration (office of the principal)	16,903	-		(16,903)
Fiscal services	3,424	-		(3,424)
Food services	2,386	-		(2,386)
Operation of Plant	125,369	106,000		(19,369)
Maintenance of Plant	5,576	-		(5,576)
Administrative technology services	363	-		(363)
Community services	18,493	14,950		(3,543)
Depreciation - Unallocated	1,162	-		(1,162)
Total Governmental Activities	\$ 543,841	\$ 214,828		\$ (329,013)
General Revenue				
State through local				150,500
Total General Revenues				150,500
Change in Net Position				(178,513)
Net position, beginning of year				-
Net position, end of year				\$ (178,513)

Note: Information presented in this supplementary information is to present the standalone revenues, expenses and net position of the charter school program.

The following is a reconciliation of total charter school expenses reported above to total charter program expenses reported on the consolidated statement of function expense for the year ended June 30, 2023:

	2023
Total Charter School expenses reported on the Charter School Balances and Information - Activities:	\$ 543,841
Donated rent from affiliate eliminated:	(106,000)
Charter school management and general expense:	(13,627)
Total Charter Program expense reported on the consolidated statement of functional expenses:	424,214



INTERNAL CONTROL RECOMMENDATIONS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
AMlkids Panama City Marine Institute, Inc. and Affiliate

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 consolidated financial statements of AMlkids Panama City Marine Institute, Inc. and Affiliate (the Institute), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
February 23, 2024