

PACE Center for Girls, Inc. and Affiliates

**Consolidated Financial Statements
and Supplementary Information**

June 30, 2019 and 2018

PACE Center for Girls, Inc. and Affiliates
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June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Trustees
PACE Center for Girls, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PACE Center for Girls, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of PACE Center for Girls, Inc. and Affiliates as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2018 consolidated financial statements of PACE Center for Girls, Inc. and Affiliates were audited by other auditors who have expressed an unmodified audit opinion on those audited consolidated financial statements in their report dated October 2, 2018.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on Pages 22 through 25 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by *Chapter 10.650, Rules of the State of Florida Auditor General*, is presented for purposes of additional analysis and is also 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 information 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 September 26, 2019 on the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Warren Averett, LLC

Tampa, Florida
September 26, 2019

Consolidated Financial Statements

PACE Center for Girls, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,957,604	\$ 6,642,753
Investments	7,821,005	7,627,630
Contracts and grants receivable	3,867,973	5,231,420
Pledges receivable - current (net of reserves of \$25,367 and \$29,816)	238,695	238,593
Prepaid and other assets	557,412	459,477
Total current assets	18,442,689	20,199,873
Noncurrent Assets		
Pledges receivable - long-term (net of reserves and discounts of \$94,669 and \$110,947)	404,430	355,549
Property and equipment, net	16,014,976	11,869,422
Total noncurrent assets	16,419,406	12,224,971
Total Assets	\$ 34,862,095	\$ 32,424,844
Liabilities and Net Assets		
Current Liabilities		
Lines of credit	\$ -	\$ 836,494
Notes payable - current	415,259	130,855
Accounts payable and accrued expenses	5,097,134	4,691,979
Deferred revenue	259,760	279,782
Total current liabilities	5,772,153	5,939,110
Noncurrent Liabilities		
Notes payable, noncurrent	5,037,389	1,527,293
Total Liabilities	10,809,542	7,466,403
Net Assets		
Without donor restrictions	18,957,091	19,599,117
With donor restrictions	5,095,462	5,359,324
Total net assets	24,052,553	24,958,441
Total Liabilities and Net Assets	\$ 34,862,095	\$ 32,424,844

See accompanying notes to the consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total All Classes
Support and Revenue			
Public grants - Florida Department of Juvenile Justice	\$ 21,364,311	\$ -	\$ 21,364,311
Public grants - School Boards	8,020,034	-	8,020,034
Grants - other	1,059,817	1,566,676	2,626,493
Contributions	5,661,473	3,982,759	9,644,232
In-kind contributions	295,825	-	295,825
Special events	1,738,154	3,300	1,741,454
Interest and dividend income	160,801	23,657	184,458
Net realized and unrealized gain (loss) on investments	64,175	(1,163)	63,012
Other	(19,677)	88,107	68,430
Total support and revenue	38,344,913	5,663,336	44,008,249
Net assets released from restrictions	5,927,198	(5,927,198)	-
Expenses			
Program services	35,637,299	-	35,637,299
Management and general	6,837,306	-	6,837,306
Fundraising	2,439,532	-	2,439,532
Total expenses	44,914,137	-	44,914,137
Change in net assets	(642,026)	(263,862)	(905,888)
Net assets, beginning of year	19,599,117	5,359,324	24,958,441
Net assets, end of year	\$ 18,957,091	\$ 5,095,462	\$ 24,052,553

See accompanying notes to the consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total All Classes
Support and Revenue			
Public grants - Florida Department of Juvenile Justice	\$ 19,480,797	\$ -	\$ 19,480,797
Public grants - School Boards	7,710,503	-	7,710,503
Grants - other	1,101,432	1,468,783	2,570,215
Contributions	6,225,642	3,479,873	9,705,515
In-kind contributions	314,431	-	314,431
Special events	1,629,222	-	1,629,222
Interest and dividend income	193,544	22,297	215,841
Amortization of premiums on investments	(9,251)	-	(9,251)
Net realized and unrealized gain on investments	172,629	54,593	227,222
Other	130,357	7,029	137,386
Total support and revenue	36,949,306	5,032,575	41,981,881
Net assets released from restrictions	4,126,062	(4,126,062)	-
Expenses			
Program services	32,145,835	-	32,145,835
Management and general	5,780,915	-	5,780,915
Fundraising	2,142,997	-	2,142,997
Total expenses	40,069,747	-	40,069,747
Change in net assets	1,005,621	906,513	1,912,134
Net assets, beginning of year	18,593,496	4,452,811	23,046,307
Net assets, end of year	\$ 19,599,117	\$ 5,359,324	\$ 24,958,441

See accompanying notes to the consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (905,888)	\$ 1,912,134
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,531,124	1,253,964
Loss on disposal of equipment	-	(4,481)
Unrealized loss/(gain) on investments	301,755	(144,002)
Bad debt expense on pledges receivable	66,509	90,334
Changes in:		
Contracts and grants receivable	1,363,447	(944,090)
Pledges receivable	(115,492)	(176,142)
Prepaid expenses and other assets	(113,962)	(302,412)
Accounts payable and accrued expenses	405,155	886,317
Deferred revenue	(20,022)	48,917
Net cash provided by operating activities	<u>2,512,626</u>	<u>2,620,539</u>
Cash flows from investing activities		
Proceeds from sale of investments	6,599,453	185,456
Purchases of land, building, and equipment	(5,660,651)	(885,407)
Purchases of investments	(7,094,583)	(436,614)
Net cash used in investing activities	<u>(6,155,781)</u>	<u>(1,136,565)</u>
Cash flows from financing activities		
Proceeds from lines of credit	-	492,427
Proceeds from notes payable	4,099,780	-
Repayments of lines of credit	(836,494)	(425,859)
Principal repayments of notes payable	(305,280)	(132,362)
Net cash provided by (used in) financing activities	<u>2,958,006</u>	<u>(65,794)</u>
Net change in cash and cash equivalents	(685,149)	1,418,180
Cash and cash equivalents - beginning of the year	<u>6,642,753</u>	<u>5,224,573</u>
Cash and cash equivalents - end of the year	<u><u>\$ 5,957,604</u></u>	<u><u>\$ 6,642,753</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest expense	<u>\$ 126,242</u>	<u>\$ 103,640</u>

See accompanying notes to the consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 19,486,994	\$ 3,493,463	\$ 1,242,055	\$ 24,222,512
Payroll taxes and employee benefits	4,831,807	264,612	244,699	5,341,118
Employee training and recruiting	323,522	458,863	23,549	805,934
Contracted personnel	312,051	103,709	11,904	427,664
	24,954,374	4,320,647	1,522,207	30,797,228
Occupancy	3,394,605	280,566	-	3,675,171
Telecommunication	822,586	268,018	-	1,090,604
Equipment	1,062,542	906,566	38,320	2,007,428
Vehicle	354,457	54,897	-	409,354
Business and property insurance	112,824	173,317	-	286,141
Professional fees	217,127	386,170	86,520	689,817
Materials and supplies	259,794	54,779	18,257	332,830
Outreach and community engagement	194,531	62,296	24,073	280,900
Marketing and communications	-	70,187	-	70,187
Student costs	1,679,804	69,900	40,695	1,790,399
Travel	979,301	-	55,909	1,035,210
Special events	28,454	-	559,520	587,974
Depreciation and amortization	1,372,695	158,429	-	1,531,124
Uncollectible accounts	-	-	66,509	66,509
Interest	126,242	-	-	126,242
Other	77,963	31,534	27,522	137,019
Total Expenses	\$ 35,637,299	\$ 6,837,306	\$ 2,439,532	\$ 44,914,137

See accompanying notes to the consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 18,235,462	\$ 3,035,330	\$ 879,988	\$ 22,150,780
Payroll taxes and employee benefits	4,237,903	304,625	211,980	4,754,508
Employee training and recruiting	220,944	397,232	18,626	636,802
Contracted personnel	577,951	44,250	106,500	728,701
	<u>23,272,260</u>	<u>3,781,437</u>	<u>1,217,094</u>	<u>28,270,791</u>
Occupancy	2,470,944	319,818	-	2,790,762
Telecommunication	748,485	437,353	-	1,185,838
Equipment	882,182	318,049	25,224	1,225,455
Vehicle	431,602	90,862	-	522,464
Business and property insurance	93,965	90,528	1,000	185,493
Professional fees	135,262	337,823	84,344	557,429
Materials and supplies	240,172	26,042	24,273	290,487
Outreach and community engagement	181,794	47,711	29,917	259,422
Marketing and communications	-	105,522	3,662	109,184
Student costs	1,578,432	6,079	1,075	1,585,586
Travel	869,844	-	33,825	903,669
Special events	1,867	-	596,780	598,647
Depreciation and amortization	1,045,067	199,646	-	1,244,713
Uncollectible accounts	-	-	90,334	90,334
Interest	103,640	-	-	103,640
Other	90,319	20,045	35,469	145,833
Total Expenses	<u><u>\$ 32,145,835</u></u>	<u><u>\$ 5,780,915</u></u>	<u><u>\$ 2,142,997</u></u>	<u><u>\$ 40,069,747</u></u>

See accompanying notes to the consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

1. Nature of Organization

PACE Center for Girls, Inc. ("PACE") is a not-for-profit organization incorporated under the laws of the State of Florida in 1985.

The mission of PACE is to provide girls and young women an opportunity for a better future through education, counseling, training, and advocacy. PACE programs serve girls between the ages of 11 and 17 with three or more Adverse Childhood Experiences and who are at high-risk for delinquent behavior and victimization. PACE employs gender-responsive, trauma-informed, and strength-based prevention and early intervention programs and services for girls with multiple risk factors. Today, through a statewide network of 21 PACE centers that provide the full academic school day and comprehensive wrap around services, PACE annually helps more than 3,000 girls get back on track to graduate from high school.

PACE also partners with school districts and community healthcare partners to bring much needed mental health services to young women through its PACE Reach Program.

PACE currently operates in the counties of Alachua, Broward, Citrus, Clay, Collier, Duval, Escambia-Santa Rosa, Hernando, Hillsborough, Lee, Leon, Manatee, Marion, Miami-Dade, Orange, Palm Beach, Pasco, Pinellas, Polk, St. Lucie, and Volusia-Flagler, Florida.

PACE-THC, Inc. ("PACE-THC"), PACE BROWARD-THC, Inc. ("PACE BROWARD-THC"), PACE COLLIER AT IMMOKALEE-THC, Inc. ("PACE COLLIER AT IMMOKALEE-THC") and PACE ALACHUA-THC, Inc. ("PACE ALACHUA-THC") are affiliated not-for-profit organizations incorporated under the laws of the State of Florida in 1995, 2001, 2006, and 2009, respectively. Their purpose is to hold title to property in the counties of Duval, Manatee, Escambia, Broward, Collier, Lee, and Alachua, Florida, to be used exclusively for educational, literary, scientific, or charitable purposes, to collect income therefrom, and to turn over the entire amount thereof, less expenses, to PACE.

PACE, PACE-THC, PACE BROWARD-THC, PACE COLLIER AT IMMOKALEE-THC, AND PACE ALACHUA-THC are collectively referred to herein as the "Organization."

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Organization are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction: Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction: Net assets whose use is limited by donor-imposed and/or purpose restrictions.

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restriction on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and activities of PACE, PACE-THC, PACE BROWARD-THC, PACE COLLIER AT IMMOKALEE-THC, and PACE ALACHUA-THC, collectively referred to herein as the "Organization." All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of financial position and the consolidated statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains cash balances in several bank accounts. Each account is insured by the Federal Deposit Insurance Corporation up to \$250,000. Management continually reviews the bank institutions for deposit risk and believes the risk associated with the current banking institutions is minimal.

Investments

Investments are stated at fair value based on quoted market prices. If the purchase price of U.S. Government Treasury Notes and other securities is greater than or less than the par value of such individual securities, the difference is calculated and recorded as a premium or discount from par value of the related security, amortized over the remaining life of the individual security and recorded as an increase or reduction of unrestricted support and revenue in the accompanying consolidated statements of activities of the Organization. The net unrealized increase or decrease in fair value is recognized in the accompanying consolidated statements of activities. The objective

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

of the Organization's investment policy is to ensure the safety of investment principal, provide for liquidity, and maximize investment income. Investment options include treasury bills, notes and bonds, commercial paper, certificates of deposit, money market accounts, full faith or general faith obligations and credit obligations of the U.S. Government agency securities, equity, balanced, and diversified mutual funds with readily available market values and liquidity. The Finance Committee of the Organization continues to assess investments with a goal of ensuring the safety of the principal by investing with high-quality financial institutions.

Contracts and Grants Receivable

Contracts and grants receivable are stated net of an allowance for doubtful accounts. Management evaluates total contracts and grants receivable and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. The allowances for doubtful accounts were zero at June 30, 2019 and 2018. The Organization does not charge interest on past due contracts or grant receivables.

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when received. Pledges receivable which are expected to be collected in more than one year are stated at the present value of estimated receipts. Conditional promises to give are not included in contribution revenue until the conditions are substantially met. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote.

Property and Equipment

Property and equipment are recorded at historical cost, or fair value at the date of donation. Land, land improvements, buildings, building improvements, computers, furniture, equipment, and vehicles in excess of \$2,500 are capitalized. Depreciation is computed using the straight-line method over the useful lives of the related assets, ranging generally from 3 to 25 years. Leasehold improvements are amortized over their estimated useful lives, which do not exceed the related lease terms, using the straight-line method.

Impairment of Long-lived Assets

The Organization reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the asset or asset group to the undiscounted cash flows that the asset or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount, if any, exceeds its fair value. No impairments were deemed to exist at June 30, 2019 and 2018.

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Contributions Received In-Kind

The Organization occupies, without charge or for nominal charges, certain facilities used for its program services. In addition, the Organization receives in-kind student costs, supplies, and other expenses. The estimated fair value of donated rent, student costs, supplies, and other expenses are reported in the accompanying consolidated financial statements at the date of receipt.

Contribution of Services

Contributed services are recognized and recorded at fair value only to the extent they create and enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services during 2019 and 2018.

A substantial number of volunteers have donated significant amounts of their time to the Organization. No amounts have been reflected in the consolidated financial statements for contributed services since the contribution of services did not create or enhance non-financial assets or require specialized skills. When professional services are donated, in-kind values are recorded as contributions.

Public Grants and Grants - Other

Public grants from government agencies are recorded based on the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, the Organization will be required to reimburse any overpayments.

Special Events

Special events revenue is recognized when events take place. The Organization considers special events to be ongoing major activities; therefore, the gross revenue is reported on the consolidated statements of activities. Expenses related to the special events are reported on the consolidated statements of functional expenses according to the program or supporting service benefitted.

Income Taxes

PACE is a private not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. PACE-THC, PACE BROWARD-THC, PACE COLLIER AT IMMOKALEE-THC, and PACE ALACHUA-THC are private not-for-profit corporations as described in Section 501(c)(2) of the Internal Revenue Code. As such, all will be exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

The Organization evaluates its tax positions for any uncertainties based on the technical merits of the positions taken in accordance with authoritative guidance. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld upon examination by taxing authorities. The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2019 and 2018, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements.

Functional Expense Allocation

The consolidated costs of providing program and management activities have been summarized on a functional basis in the consolidated statements of activities and the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization and occupancy, which are allocated on a square footage basis.

Reclassifications

Certain minor reclassifications have been made to the 2018 consolidated financial statements to conform to the classifications used in 2019.

Impact of Recently Issued Accounting Pronouncements

Financial Statement Presentation

During the year ended June 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 11).

The accompanying information from the 2018 financial statements has been restated to conform to the 2019 presentation and disclosure requirements of ASU 2016-14.

Revenue

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance provides a five-step process to determine when and how revenue is recognized. The core principle of the guidance is that an entity should recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods or services. This update will also result in enhanced disclosures about revenue, providing guidance for transactions that were not previously addressed comprehensively,

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

and improving guidance for multiple-element arrangements. This update is effective for fiscal years beginning after December 15, 2018 and interim periods within annual reporting periods beginning after December 15, 2019. Management is evaluating the impact of this ASU on the Organization's financial reporting.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their statement of financial position. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. The standard is effective fiscal years beginning after December 15, 2019. Management is evaluating the impact of this ASU on the Organization's financial reporting.

3. Pledges Receivable

Pledges receivable are comprised of unconditional promises to give with collection periods through June 30, 2025. Pledges receivable are recorded after discounting to the present value of future cash flows using a rate of 4%. Pledges receivable are as follows:

<i>Years ended June 30,</i>	2019	2018
Receivable in less than one year	\$ 264,062	\$ 268,409
Receivable in one to five years	499,099	466,496
	763,161	734,905
Less: discounts to net present value	(46,723)	(59,126)
Less: allowance for doubtful accounts	(73,313)	(81,637)
Net pledges receivable	\$ 643,125	\$ 594,142

4. Investments and Fair Value Measurements

Investments are summarized as follows:

<i>June 30,</i>	2019	2018
Mutual funds	\$ 3,249,685	\$ 4,462,857
Fixed income funds	1,796,409	-
Government agencies	1,293,864	3,164,475
Other short-term investments	869,373	298
Corporate bonds	416,325	-
Real estate	195,349	-
Total	\$ 7,821,005	\$ 7,627,630

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

4. Investments and Fair Value Measurements (continued)

The Organization's investments are reported at fair value. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy as described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in the active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If that asset or liability has a specified (contractual) term, the level 2 inputs 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 following is a summary of the levels within the fair value hierarchy for the Organization's assets measured at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 3,249,685	\$ -	\$ -	\$ 3,249,685
Fixed income funds	1,796,409	-	-	1,796,409
Government agencies	1,293,864	-	-	1,293,864
Other short-term investments	869,373	-	-	869,373
Corporate bonds	416,325	-	-	416,325
Other	195,349	-	-	195,349
Total	\$ 7,821,005	\$ -	\$ -	\$ 7,821,005

The following is a summary of the levels within the fair value hierarchy for the Organization's assets measured at fair value on a recurring basis as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Mutual Funds - Equity	\$ 3,765,388	\$ -	\$ -	\$ 3,765,388
U.S. Government Obligations	3,164,475	-	-	3,164,475
Mutual Funds - Diversifying	282,725	-	-	282,725
Mutual Funds - Fixed Income	262,764	-	-	262,764
Mutual Funds - Other	151,980	-	-	151,980
Other	298	-	-	298
Total	\$ 7,627,630	\$ -	\$ -	\$ 7,627,630

There were no transfers between Level 1, Level 2, or Level 3 investments during the years ended June 30, 2019 and 2018.

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

5. Property and Equipment

Property and equipment consist of the following:

<i>Years ended June 30,</i>	2019	2018
Buildings and improvements	\$ 21,077,060	\$ 16,192,371
Land and improvements	3,049,487	2,479,516
Furniture and equipment	3,160,665	2,161,649
Vehicles	515,355	515,355
Construction in progress	313,026	477,813
Leasehold improvements	135,755	763,993
	28,251,348	22,590,697
Less: accumulated depreciation and amortization	(12,236,372)	(10,721,275)
Total	\$ 16,014,976	\$ 11,869,422

Depreciation expense amounted to \$1,515,097 and \$1,253,964 for the years ended June 30, 2019 and 2018, respectively.

6. Notes Payable

Notes payable consist of the following:

<i>Years ended June 30,</i>	2019	2018
Fixed rate term loan dated November 7, 2018 for the Organization's National Office in Jacksonville, Florida. Monthly payments of \$14,114 including interest at 4.87%, with a maturity date of November 1, 2023.	\$ 1,750,494	\$ -
Fixed rate term loan dated November 7, 2018 for the Organization's Broward County facility. Monthly payments of \$11,761 including interest at 4.87%, with a maturity date of November 1, 2023. The note is secured by the land and building of Pace Broward-THC with a net book value of \$981,134.	1,458,745	-
Mortgage payable restated on November 7, 2018 (formerly dated April 21, 2017) for the Organization's Leon County facility. Monthly payments of \$6,164 including interest at 4.55%, with a maturity date of April 21, 2028. The note is secured by the land and building of Pace-THC with a net book value of \$1,146,824.	1,177,769	1,196,917

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

6. Notes Payable (continued)

<i>Years ended June 30,</i>	2019	2018
Variable rate term loan restated on November 7, 2018 (formerly dated December 8, 2016) for the construction and expansion of the Organization's Leon County facility. Monthly installment payments of \$9,322 plus accrued interest at the 30-day LIBOR plus 1.75% (4.16% at June 30, 2019), with a maturity date of November 8, 2022.	382,203	-
Fixed rate term loan dated November 7, 2018 for the Organization's Alachua County facility. Monthly payments of \$2,689 including interest at 4.87%, with a maturity date of November 1, 2023.	333,613	-
Variable rate term loan restated November 7, 2018 (formerly dated July 5, 2016) for the Organization's Manatee County facility. Monthly installment payments of \$3,000 are applied first to the payment of interest accrued with the balance applied to principal. The monthly payments including interest at the LIBOR daily floating rate plus 2% (4.40% and 4.08% at June 30, 2019 and 2018, respectively), with a maturity date of July 5, 2020.	205,657	232,064
Variable rate term loan restated November 7, 2018 (formerly dated June 5, 2015) for the Organization's Clay County facility. Monthly principal payments of \$5,417 plus accrued interest at the LIBOR daily floating rate plus 2% (4.40% and 4.08% at June 30, 2019 and 2018, respectively), with a maturity date of December 8, 2020.	97,500	162,500
Variable rate term loan restated November 7, 2018 (formerly dated July 5, 2016) for the Organization's Pasco County facility. Installment payments of \$1,667 plus accrued interest are due monthly. The monthly payments include interest at the LIBOR daily floating rate plus 2% (4.40% and 4.08% at June 30, 2019 and 2018, respectively), with a maturity date of July 5, 2020.	46,667	66,667
Total notes payable	5,452,648	1,658,148
Less: notes payable, current	(415,259)	(130,855)
Notes payable, long-term	\$ 5,037,389	\$ 1,527,293

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

6. Notes Payable (continued)

Scheduled aggregate principal payments on the notes payable are as follows as of:

<i>June 30,</i>	2019
2020	\$ 415,259
2021	550,694
2022	369,873
2023	222,002
2024	2,826,893
Thereafter	1,067,927
Total notes payable	\$ 5,452,648

The notes require the Organization to comply with certain covenants and reporting requirements. The Organization was in compliance with those covenants as of and for the years ended June 30, 2019 and 2018.

7. Lines of Credit

The Organization had a master Loan Agreement with Bank of America, N.A. (the "BOA Agreement") dated December 8, 2014. The BOA Agreement allowed for four lines of credit which were convertible to promissory notes upon drawing funds on the individual lines. In addition, a line of credit was available for working capital needs and allowed for maximum borrowings of \$500,000. The Organization had \$342,426 outstanding on this line of credit as of June 30, 2018. An additional line of credit in the amount of \$550,000 was available for the construction and expansion of the Leon County facility. The balance outstanding as of June 30, 2018 was \$494,068. This agreement carried an interest rate of the LIBOR Daily Floating Rate plus 2% (4.08% at June 30, 2018) for all borrowings. The BOA Agreement contained various restrictions. As of June 30, 2018, the Organization was in compliance with the required covenants. The BOA Agreement was consolidated, amended, and restated as of November 7, 2018.

8. Lease Commitments

The Organization generally leases its facilities under long-term operating leases, which range from one to eight years. In addition, certain facilities are leased for nominal rent for which the Organization has recorded in-kind contributions and rental expense based upon management's estimate of the fair market value of rent. The following is a summary of rental expenses:

<i>Years ended June 30,</i>	2019	2018
Rent based upon lease terms	\$ 1,945,703	\$ 1,931,823
In-kind contributions	66,503	66,503
Total	\$ 2,012,206	\$ 1,998,326

In addition, the Organization leases various office equipment and vehicles under non-cancelable operating leases expiring at various dates through February 2024. Lease expense under these operating leases was \$351,155 and \$248,239 for the years ended June 30, 2019 and 2018, respectively.

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

8. Lease Commitments (continued)

Under the terms of all non-cancelable operating leases, the scheduled aggregate minimum lease payments as of June 30, 2019 were as follows:

2020	\$ 1,675,054
2021	1,312,427
2022	625,528
2023	418,885
2024	288,304
Thereafter	284,972
Total	\$ 4,605,170

9. In-Kind Contributions

The following is a summary of in-kind contributions which are recorded as revenue and related expenses in the consolidated financial statements for the years ended June 30:

	2019	2018
Student costs	\$ 121,600	\$ 85,383
Special events	93,348	162,545
Occupancy	66,503	66,503
Other	14,374	-
Total	\$ 295,825	\$ 314,431

The in-kind expenses are presented according to the referenced expensed items in the consolidated statements of functional expenses.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Net assets with donor restrictions released were utilized for the following purposes:

<i>Years ended June 30,</i>	2019	2018
Program services	\$ 2,194,015	\$ 3,227,451
Capital campaign	1,874,075	260,757
Grants, student support and other	1,242,011	462,499
Therapist services	376,303	61,944
Georgia expansion fund	145,909	-
Time restrictions: pledge funds	66,499	78,187
Transition services	15,146	22,087
Scholarships	13,240	13,137
Total	\$ 5,927,198	\$ 4,126,062

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

10. Net Assets with Donor Restrictions (continued)

Remaining net assets with donor restrictions were restricted for the following purposes:

<i>Years ended June 30,</i>	2019	2018
Program services	\$ 1,462,255	\$ 2,283,944
Therapist services	1,191,363	194,722
Capital campaign	1,170,773	1,608,314
Time restrictions: pledge funds	643,125	594,142
Grants, student support and other	344,822	313,319
Scholarships	191,180	147,721
Transition services	91,944	71,253
Georgia transition fund	-	145,909
Total	\$ 5,095,462	\$ 5,359,324

11. Liquidity and Availability

At June 30, 2019 and 2018, the Organization has the following amounts available to cover general expenditures:

<i>Years ended June 30,</i>	2019	2018
Total financial assets	\$ 13,778,609	\$ 14,270,383
Restricted funds	5,095,462	5,359,324
Net financial assets available to meet cash needs for general expenditures within one year	\$ 8,683,147	\$ 8,911,059

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions that are designated for activities related to ongoing, major, and central operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a standard operating procedure to maintain current financial assets less current liabilities at a minimum of three months of expenses. The Organization forecasts its future cash flows and monitors its liquidity quarterly and its reserves annually. During the years ended June 30, 2019 and 2018, the level of liquidity and reserves was managed within these requirements.

12. Employee Benefit Plan

Effective July 1, 1994, the Organization established a defined contribution benefit plan (the "Plan") in which all qualified employees 18 years of age may participate. The Plan provides for participants' pre-tax contributions to the Plan pursuant to Section 403(b) of the Internal Revenue Code. The Organization may make a discretionary contribution to the Plan in an amount up to 3% of a participant's compensation. The Organization's contribution to the Plan was \$354,400 and \$300,324, for the years ended June 30, 2019 and 2018, respectively.

PACE Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

13. Funding Dependency

A substantial amount of the Organization's support is in the form of annual grants and contracts with federal, state, and local government agencies, including a substantial amount from the Florida Department of Juvenile Justice ("DJJ"). This support is partially dependent upon the Organization's continued qualifications for such funding, together with the amount of funds available to the governmental sources. Revenue and support from the DJJ accounted for approximately 48% and 46% of total revenue and support of the Organization for the years ended June 30, 2019 and 2018, respectively. Amounts receivable from the DJJ accounted for approximately 51% and 66% of total contracts and grants receivable of the Organization as of June 30, 2019 and 2018, respectively.

In addition, title to all property and equipment acquired with DJJ funding vests with DJJ upon completion or termination of the related contracts. Property and equipment vested with DJJ, with a net book value of \$405,951 and \$43,363 at June 30, 2019 and 2018, respectively, is included in land, buildings, and equipment on the accompanying consolidated statements of financial position.

14. Commitments and Contingencies

The Organization is subject to audit examinations by funding sources to determine compliance with grant conditions. In the event the expenditures would be disallowed, repayment could be required. Management does not believe any disallowed expenditures would have a material impact on the consolidated financial statements.

The Organization is subject to various legal actions and claims arising in the normal course of operations. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. It is the opinion of management that the outcome of such matters will not have a material adverse impact on the consolidated financial position, changes in net assets, or cash flows of the Organization.

15. Subsequent Events

Events occurring after June 30, 2019, the date of the most recent financial statements, have been evaluated for possible adjustments to the financial statements or disclosures through September 26, 2019, which is the date the financial statements were available to be issued.

Supplementary Information

PACE Center for Girls, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2019

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Assets							
Current Assets							
Cash and cash equivalents	\$ 5,910,337	\$ 8,434	\$ -	\$ 16,285	\$ 22,548	\$ -	\$ 5,957,604
Investments	7,821,005	-	-	-	-	-	7,821,005
Contracts and grants receivable	3,867,973	-	-	-	-	-	3,867,973
Pledges receivable - current (net of reserves of \$25,367)	238,695	-	-	-	-	-	238,695
Due from affiliated entities	406,500	-	385,350	-	-	(791,850)	-
Prepaid and other assets	557,412	-	-	-	-	-	557,412
Total current assets	18,801,922	8,434	385,350	16,285	22,548	(791,850)	18,442,689
Noncurrent assets							
Pledges receivable - long-term (net of reserves and discounts of \$94,669)	404,430	-	-	-	-	-	404,430
Property and equipment, net	7,168,325	665,614	981,134	3,390,976	3,808,927	-	16,014,976
Total noncurrent assets	7,572,755	665,614	981,134	3,390,976	3,808,927	-	16,419,406
Total Assets	\$ 26,374,677	\$ 674,048	\$ 1,366,484	\$ 3,407,261	\$ 3,831,475	\$ (791,850)	\$ 34,862,095

See independent auditors' report.

PACE Center for Girls, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2019

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Liabilities and Net Assets							
Current Liabilities							
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable - current	341,876	16,118	37,363	-	19,902	-	415,259
Accounts payable and accrued expenses	5,097,134	-	-	-	-	-	5,097,134
Due to affiliated entities	-	172,130	-	128,354	491,366	(791,850)	-
Deferred revenue	259,760	-	-	-	-	-	259,760
Total current liabilities	5,698,770	188,248	37,363	128,354	511,268	(791,850)	5,772,153
Noncurrent Liabilities							
Notes payable, noncurrent	2,826,254	317,496	735,772	-	1,157,867	-	5,037,389
Total Liabilities	8,525,024	505,744	773,135	128,354	1,669,135	(791,850)	10,809,542
Net Assets							
Without donor restrictions	12,754,191	168,304	593,349	3,278,907	2,162,340	-	18,957,091
With donor restrictions	5,095,462	-	-	-	-	-	5,095,462
Total net assets	17,849,653	168,304	593,349	3,278,907	2,162,340	-	24,052,553
Total Liabilities and Net Assets	\$ 26,374,677	\$ 674,048	\$ 1,366,484	\$ 3,407,261	\$ 3,831,475	\$ (791,850)	\$ 34,862,095

See independent auditors' report.

PACE Center for Girls, Inc. and Affiliates
Consolidating Statement of Activities
For the Year Ended June 30, 2019

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Unrestricted Support and Revenue							
Public grants - Florida Department of Juvenile Justice	\$ 21,364,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,364,311
Public grants - School Boards	8,020,034	-	-	-	-	-	8,020,034
Grants - other	1,059,817	-	-	-	-	-	1,059,817
Contributions	5,661,473	-	-	-	-	-	5,661,473
In-kind contributions	295,825	-	-	-	-	-	295,825
Special events	1,738,154	-	-	-	-	-	1,738,154
Interest and dividend income	160,645	17	-	58	81	-	160,801
Net realized and unrealized gain on investments	64,175	-	-	-	-	-	64,175
Other (loss)/income	(19,677)	24,160	-	-	73,966	(98,126)	(19,677)
Net assets released from restriction	5,927,198	-	-	-	-	-	5,927,198
Total unrestricted support and revenue	44,271,955	24,177	-	58	74,047	(98,126)	44,272,111
Expenses							
Program services	34,832,855	26,173	133,612	335,933	308,726	-	35,637,299
Management and general	6,837,306	-	-	-	-	-	6,837,306
Fundraising	2,439,532	-	-	-	-	-	2,439,532
Total expenses	44,109,693	26,173	133,612	335,933	308,726	-	44,914,137
Change in net assets without donor restrictions	162,262	(1,996)	(133,612)	(335,875)	(234,679)	(98,126)	(642,026)

See independent auditors' report.

PACE Center for Girls, Inc. and Affiliates
Consolidating Statement of Activities
For the Year Ended June 30, 2019

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Restricted Support and Revenue							
Public grants - Florida Department of Juvenile Justice	-	-	-	-	-	-	-
Public grants - School Boards	-	-	-	-	-	-	-
Grants - other	1,566,676	-	-	-	-	-	1,566,676
Contributions	3,982,759	-	-	-	-	-	3,982,759
In-kind contributions	-	-	-	-	-	-	-
Special events	3,300	-	-	-	-	-	3,300
Interest and dividend income	23,657	-	-	-	-	-	23,657
Net realized and unrealized loss on investments	(1,163)	-	-	-	-	-	(1,163)
Other income	88,107	-	-	-	-	-	88,107
Total restricted support and revenue	5,663,336	-	-	-	-	-	5,663,336
Net assets released from restriction	(5,927,198)	-	-	-	-	-	(5,927,198)
Change in net assets with donor restrictions	(263,862)	-	-	-	-	-	(263,862)
Change in total net assets	(101,600)	(1,996)	(133,612)	(335,875)	(234,679)	(98,126)	(905,888)
Net assets, beginning of the year	18,049,380	170,300	726,961	3,614,781	2,397,019	-	24,958,441
Net assets, end of the year	\$ 17,947,780	\$ 168,304	\$ 593,349	\$ 3,278,906	\$ 2,162,340	\$ (98,126)	\$ 24,052,553

See independent auditors' report.

Single Audit Reporting

PACE Center for Girls, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2019

Federal / State Agency / Pass-Through Entity / Federal Program / State Project	CFDA/ CFSA Number	Contract/ Grant Number	Federal Expenditures	State Expenditures
<u>FEDERAL PROGRAMS:</u>				
U.S. DEPARTMENT OF JUSTICE				
<i>Passed through Office of Juvenile Justice and Delinquency Prevention</i>				
Reducing Reliance on Secure Placement and Improving Community-Based Responses for Girls-At-Risk of Entering the Juvenile Justice System	16.830	2016-GJ-FX-K002 (2018-2019)	\$ 256,487	\$ -
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through State Department of Education</i>				
National School Breakfast and Lunch Program	10.553/10.555	01-371	496,208	-
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through School Board of Collier County</i>				
Title 1 Grants to Local Educational Agencies	84.010	184280	31,450	-
<i>Passed through School Board of Leon County</i>				
Title 1 Grants to Local Educational Agencies	84.010	1503	46,576	-
Subtotal - U.S. Department of Education			78,026	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through the City of Tallahassee</i>				
Department of Economic and Community Development - Human Resource Division:				
Spirited Girls Program and Reach Program	14.218	FYE 2017-2018	4,166	-
Total Expenditures of Federal Awards			\$ 834,887	\$ -

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

PACE Center for Girls, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2019

Federal / State Agency / Pass-Through Entity / Federal Program / State Project	CFDA/ CFSA Number	Contract/ Grant Number	Federal Expenditures	State Expenditures
<u>STATE PROJECTS:</u>				
FLORIDA DEPARTMENT OF JUVENILE JUSTICE				
PACE Center for Girls - Prevention and Victim Services	80.007	X10051	\$ -	\$ 21,364,311
Total Expenditures of Federal Awards and State Projects			\$ 834,887	\$ 21,364,311

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

PACE Center for Girls, Inc. and Affiliates
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of PACE Center for Girls, Inc. and Affiliates (the "Organization") for the year ended June 30, 2019.

The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Chapter 10.650, Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting and are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. Pass-Through Awards

The Organization received certain federal awards and state projects from pass-through awards of the state. The total amount of such pass-through awards is included in the Schedule

3. Transfers to Subrecipients

The Organization did not transfer any federal awards or state financial assistance to other entities.

4. Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance, unless otherwise specifically required by applicable grant agreement.

5. Contingencies

The programs shown in the Schedule are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowable expenditures and affect the Organization's continued participation in specific programs. The amount of expenditures, if any, which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts to be immaterial, if any.

See independent auditors' report.

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards***

To the Board of Trustees
PACE Center for Girls, Inc. and Affiliates

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 PACE Center for Girls, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements (the "financial statements"), and have issued our report thereon dated September 26, 2019.

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 of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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.

Warren Averett, LLC

Tampa, Florida

September 26, 2019

**Independent Auditors' Report on Compliance for Each Major
Federal Program and State Project and on Internal Control
Over Compliance Required by the *Uniform Guidance and
Chapter 10.650, Rules of the State of Florida Auditor General***

To the Board of Trustees
PACE Center for Girls, Inc. and Affiliates

Report on Compliance for Each Major Federal Program and State Project

We have audited PACE Center for Girls, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Executive Officer of the Florida Governor's State Project Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2019. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and *Chapter 10.650, Rules of the State of Florida Auditor General*. Those standards and the *Uniform Guidance* and *Chapter 10.650* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and *Chapter 10.650*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance* and *Chapter 10.650*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Tampa, Florida
September 26, 2019

PACE Center for Girls, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued		<u>Unmodified</u>	
Internal control over financial reporting:			
Material weakness(es) identified?	Yes _____	No _____	<u>✓</u>
Significant deficiency(ies) identified?	Yes _____	None Reported _____	<u>✓</u>
Non-compliance material to financial statements noted?	Yes _____	No _____	<u>✓</u>

Federal and State Awards

Internal control over major federal programs:			
Material weakness(es) identified?	Yes _____	No _____	<u>✓</u>
Significant deficiency(ies) identified?	Yes _____	None Reported _____	<u>✓</u>
Internal control over major state projects:			
Material weakness(es) identified?	Yes _____	No _____	<u>✓</u>
Significant deficiency(ies) identified?	Yes _____	None Reported _____	<u>✓</u>
Type of auditors' report issued on compliance for major federal programs and state projects		<u>Unmodified</u>	
Any audit findings disclosed that are to be reported in accordance with <i>the Uniform Guidance</i> and <i>Chapter 10.650(1)(h) of Rules of the State of Florida Auditor General</i> ?	Yes _____	No _____	<u>✓</u>

Identification of major programs:

<u>CFDA Number</u> 10.553 / 10.555	<u>Name of Federal Program</u> National School Breakfast and Lunch Program
<u>CFSA Number</u> 80.007	<u>Name of State Project</u> Practical and Cultural Education (PACE) Center for Girls - Prevention and Victim Services

See independent auditors' report.

PACE Center for Girls, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditors' Results (continued)

Dollar threshold used to distinguish between Type A and
Type B major federal programs \$ 750,000

Dollar threshold used to distinguish between Type A and
Type B major state projects \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

Section V - Other Issues

There were no prior audit findings on compliance for each major program, or internal control over compliance, with the requirements described in *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Chapter 10.650, Rules of the State of Florida Auditor General*.

See Independent Auditors' Report.