



**PACE Center for Girls, Inc. and
Affiliates.**

Financial Statements, Reports Required by
Government Auditing Standards, the Uniform
Guidance, the Florida Single Audit Act, and
Schedule of Expenditures of Financial Awards

For the Years Ended June 30, 2017 and 2016

PACE Center for Girls, Inc. and Affiliates

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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PACE Center for Girls, Inc., PACE-THC, Inc., PACE BROWARD-THC, Inc., PACE COLLIER AT IMMOKALEE-THC, Inc., and PACE ALACHUA-THC, Inc., (not-for-profit organizations collectively referred to as the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2017, and the related consolidated statements of activities, cash flows, and functional expenses for the years 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.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the Organization'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 Organization'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 the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information and Other Financial Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position, activities, and cash flows on pages 21-25 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of financial awards on page 32, are presented for the purpose of additional analysis as required by *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *Audit Requirements for Federal Awards* and State of Florida *Department of Financial Services*, Chapter 691-5, Florida Administrative Code, respectively, and are not a required part of the consolidated financial statements. The accompanying schedule of source and expenditure of city grant funds on pages 24-26, are presented for the purpose of additional analysis as required by City of Jacksonville, Florida Ordinance 118.205, and are not a required part of the consolidated financial statements. Such supplementary and other financial 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 supplementary and other financial information have been subjected to the auditing procedures applied in the audits 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 27, 2017, on our consideration of 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 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 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.



Other Matter – Prior Period Financial Statements

The 2016 consolidated financial statements of the Organization were audited by LBA Certified Public Accountants, P.A. (“LBA”), whose partners and professional staff joined BDO USA, LLP as of November 16, 2016, shortly after which LBA ceased operations. LBA’s report dated September 16, 2016 expressed an unmodified opinion on these statements.

BDO USA, LLP

Certified Public Accountants
September 27, 2017

PACE Center for Girls, Inc. and Affiliates

Consolidated Statements of Financial Position
June 30, 2017 and 2016

Assets	2017	2016
Current assets:		
Cash and cash equivalents	\$ 5,224,573	\$ 5,832,617
Investments	7,241,721	6,687,782
Contracts and grants receivable (net of allowance for doubtful accounts of \$0 and \$71,755)	4,287,330	2,582,032
Pledges receivable, current (net of reserves of \$62,540 and \$43,569)	180,000	273,014
Prepaid expenses and other assets	157,065	508,579
Total current assets	17,090,689	15,884,024
Noncurrent assets:		
Pledges receivable, long-term (net of reserves and discounts of \$114,077 and \$249,001)	328,334	335,764
Land, buildings, and equipment, net	12,224,247	11,449,287
Total noncurrent assets	12,552,581	11,785,051
Total assets	\$ 29,643,270	\$ 27,669,075
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,805,662	\$ 3,162,253
Deferred revenue	230,865	113,751
Lines of credit	769,926	285,661
Notes payable, current	134,941	167,847
Total current liabilities	4,941,394	3,729,512
Long-term liabilities:		
Notes payable, long-term	1,655,569	685,194
Total liabilities	6,596,963	4,414,706
Net assets:		
Unrestricted	18,593,496	18,895,108
Temporarily restricted	4,452,811	4,359,261
Total net assets	23,046,307	23,254,369
Total liabilities and net assets	\$ 29,643,270	\$ 27,669,075

See accompanying notes to consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates

**Consolidated Statement of Activities
Year Ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Total All Classes
Support and Revenue			
Public grants - DJJ	\$ 19,056,100	\$ -	\$ 19,056,100
Public grants - School Boards	7,592,456	-	7,592,456
Grants - other	2,865,304	3,842,116	6,707,420
Contributions	2,253,544	74,206	2,327,750
In-kind contributions	276,917	-	276,917
Special events	1,568,205	11,002	1,579,207
Interest and dividend income	130,249	66,862	197,111
Amortization of premiums on investments	(19,967)	-	(19,967)
Net realized and unrealized gain on investments	357,569	72,668	430,237
Other income	65,462	9,997	75,459
Net assets released from restrictions	3,983,301	(3,983,301)	-
Total support and revenue	38,129,140	93,550	38,222,690
Expenses			
Program services	28,769,073	-	28,769,073
Management and general	7,007,241	-	7,007,241
Fundraising	2,654,438	-	2,654,438
Total expenses	38,430,752	-	38,430,752
 Change in net assets	 (301,612)	 93,550	 (208,062)
 Net assets - beginning of the year	 18,895,108	 4,359,261	 23,254,369
 Net assets - end of the year	 <u>\$ 18,593,496</u>	 <u>\$ 4,452,811</u>	 <u>\$ 23,046,307</u>

PACE Center for Girls, Inc. and Affiliates

**Consolidated Statement of Activities
Year Ended June 30, 2016**

	Unrestricted	Temporarily Restricted	Total All Classes
Support and Revenue			
Public grants - DJJ	\$ 17,956,100	\$ -	\$ 17,956,100
Public grants - School Boards	7,251,059	-	7,251,059
Grants - other	2,236,114	2,652,938	4,889,052
Contributions	2,443,986	441,427	2,885,413
In-kind contributions	358,260	-	358,260
Special events	1,078,270	-	1,078,270
Interest and dividend income	222,378	150,424	372,802
Amortization of premiums on investments	(15,993)	-	(15,993)
Net realized and unrealized loss on investments	(124,453)	(175,154)	(299,607)
Other income	89,177	9,211	98,388
Net assets released from restrictions	2,915,767	(2,915,767)	-
Total support and revenue	<u>34,410,665</u>	<u>163,079</u>	<u>34,573,744</u>
Expenses			
Program services	25,638,168	-	25,638,168
Management and general	6,224,558	-	6,224,558
Fundraising	2,379,019	-	2,379,019
Total expenses	<u>34,241,745</u>	<u>-</u>	<u>34,241,745</u>
Change in net assets	168,920	163,079	331,999
Net assets - beginning of the year	<u>18,726,188</u>	<u>4,196,182</u>	<u>22,922,370</u>
Net assets - end of the year	<u>\$ 18,895,108</u>	<u>\$ 4,359,261</u>	<u>\$ 23,254,369</u>

See accompanying notes to consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates

**Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (208,062)	\$ 331,999
Adjustments to reconcile change in net assets to net cash changes in operating activities:		
Depreciation and amortization	1,160,750	1,128,509
Loss on disposal of equipment	-	18,514
Unrealized (gain)/loss on investments	(508,988)	163,058
Bad debt expense on pledges receivable	141,618	294,777
Amortization of premiums on investments	19,967	15,993
Change in:		
Contracts and grants receivable	(1,705,298)	1,330,265
Pledges receivable	(41,174)	(120,913)
Prepaid expenses and other assets	351,514	(180,566)
Accounts payable and accrued expenses	643,409	355,198
Deferred revenue	117,114	36,811
Net cash change in operating activities	(29,150)	3,373,645
Cash flows from investing activities:		
Proceeds from sale of investments	1,520,374	7,528,836
Purchases of land, buildings, and equipment	(1,935,710)	(527,476)
Purchases of investments	(1,585,292)	(7,686,427)
Net cash change in investing activities	(2,000,628)	(685,067)
Cash flows from financing activities:		
Proceeds from lines of credit	769,926	-
Proceeds from notes payable	1,200,000	262,500
Principal repayments of notes payable	(548,192)	(132,135)
Net cash change in financing activities	1,421,734	130,365
Net change in cash	(608,044)	2,818,943
Cash and cash equivalents - beginning of the year	5,832,617	3,013,674
Cash and cash equivalents - end of the year	\$ 5,224,573	\$ 5,832,617
Supplemental disclosure of cash flow information:		
Cash paid for interest expense	\$ 43,891	\$ 45,825
Non-cash event:		
Line of credit transfer to notes payable	\$ 285,661	\$ -

See accompanying notes to consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2017**

	Program Services	Management and General	Fundraising	Total All Classes
Salaries	\$ 17,364,109	\$ 2,619,277	\$ 1,106,427	\$ 21,089,813
Payroll taxes & employee benefits	4,121,041	299,677	218,998	4,639,716
Employee training & recruiting	204,971	406,960	34,559	646,490
Contracted personnel	584,895	63,957	52,900	701,752
Total personnel	22,275,016	3,389,871	1,412,884	27,077,771
Occupancy	2,639,139	1,307,040	60,959	4,007,138
Equipment	386,210	656,112	102,236	1,144,558
Vehicle	182,842	179,538	1,385	363,765
Insurance	-	160,854	-	160,854
Professional fees	19,455	601,716	52,778	673,949
Materials & supplies	165,191	30,958	30,064	226,213
Trustees & director expenses	16,930	20,320	917	38,167
Outreach & public education	147,937	19,168	64,416	231,521
Student costs	1,549,471	13,296	124,297	1,687,064
Travel	351,220	273,685	273,892	898,797
Special events	1,552	51,016	351,077	403,645
Depreciation & amortization	939,304	221,446	-	1,160,750
Uncollectible accounts	-	-	141,618	141,618
Interest	43,891	-	-	43,891
Other	50,915	82,221	37,915	171,051
Total expenses	\$ 28,769,073	\$ 7,007,241	\$ 2,654,438	\$ 38,430,752

PACE Center for Girls, Inc. and Affiliates

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2016**

	Program Services	Management and General	Fundraising	Total All Classes
Salaries	\$ 15,675,495	\$ 2,608,325	\$ 908,468	\$ 19,192,288
Payroll taxes & employee benefits	2,854,681	451,092	163,526	3,469,299
Employee training & recruiting	240,191	232,928	32,401	505,520
Contracted personnel	437,591	23,373	48,417	509,381
Total personnel	<u>19,207,958</u>	<u>3,315,718</u>	<u>1,152,812</u>	<u>23,676,488</u>
Occupancy	2,504,561	1,152,462	77,533	3,734,556
Equipment	552,061	351,253	40,594	943,908
Vehicle	170,648	173,125	1,112	344,885
Insurance	-	190,349	-	190,349
Professional fees	60,839	324,964	67,583	453,386
Materials & supplies	159,435	41,408	24,929	225,772
Trustees & director expenses	20,225	13,800	596	34,621
Outreach & public education	113,811	51,703	240,062	405,576
Student costs	1,475,951	1,147	166,722	1,643,820
Travel	329,768	274,604	39,537	643,909
Special events	1,320	7,027	327,657	336,004
Depreciation & amortization	894,055	234,454	-	1,128,509
Uncollectible accounts	78,033	-	216,744	294,777
Interest	45,825	-	-	45,825
Other	23,678	92,544	23,138	139,360
Total expenses	<u>\$ 25,638,168</u>	<u>\$ 6,224,558</u>	<u>\$ 2,379,019</u>	<u>\$ 34,241,745</u>

See accompanying notes to consolidated financial statements.

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

PACE Center for Girls, Inc. (“PACE”) is a private not-for-profit organization incorporated under the laws of the State of Florida in 1985. PACE is a prevention and early intervention organization established to provide girls and young women an opportunity for a better future through education, counseling, training, and advocacy. PACE provides its services through non-residential, community-based PACE Centers established to educate, counsel, train, and advocate for girls in a gender-responsive environment where such services are needed. PACE currently operates in the counties of Alachua, Broward, Clay, Collier, Duval, Escambia-Santa Rosa, Hillsborough, Lee, Leon, Manatee, Marion, Miami-Dade, Orange, Palm Beach, Pasco, Pinellas, Polk, St. Lucie, and Volusia-Flagler.

PACE-THC, Inc. (“PACE-THC”) is an affiliated not-for-profit organization incorporated under the laws of the State of Florida in 1995. Its purpose is to hold title to property in Duval, Manatee, and Escambia Counties 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 BROWARD-THC, Inc. (“PACE BROWARD-THC”) is an affiliated not-for-profit organization incorporated under the laws of the State of Florida in 2001. Its purpose is to hold title to property in Broward County 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 COLLIER AT IMMOKALEE-THC, Inc. (“PACE COLLIER AT IMMOKALEE-THC”) is an affiliated not-for-profit organization incorporated under the laws of the State of Florida in 2006. Its purpose is to hold title to property in Collier and Lee Counties 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 ALACHUA-THC, Inc. (“PACE ALACHUA-THC”) is an affiliated not-for-profit organization incorporated in under the laws of the State of Florida 2009. Its purpose is to hold title to property in Alachua County 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.

Basis of Presentation and 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.” PACE-THC, PACE BROWARD-THC, PACE COLLIER AT IMMOKALEE-THC, and PACE ALACHUA-THC provide financial and other support services and programs to PACE. All significant intercompany accounts and transactions have been eliminated.

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

Assets are presented in the accompanying consolidated statements of financial position according to their nearness of conversion to cash and liabilities according to their nearness of maturity and resulting use of cash.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Cash and Cash Equivalents

For purposes of the Consolidated Statements Financial Position and the Consolidated Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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 \$0 and \$71,755 at June 30, 2017 and 2016, respectively. The Organization does not charge interest on past due contracts or grant receivables.

Pledges

Unconditional promises to give are recorded as pledges receivable and contribution revenue when received. All pledges are recorded at net realizable value. Conditional promises to give are not included in contribution revenue until the conditions are substantially met.

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value based on quoted market prices. If the purchase price of U.S. Government Treasury Notes and U.S. Government-backed Mortgage-backed 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 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.

Land, Buildings, and Equipment

Land, building, and equipment are recorded at historical cost, or fair value at the date of donation. Computers, equipment, leasehold improvements, land, buildings, and furniture in excess of \$2,500 are capitalized. Depreciation is computed using the straight-line method over the useful lives of the related assets. Leasehold improvements are amortized over their estimated useful lives, which do not exceed the related lease terms, using the straight-line method. The estimated useful lives are as follows:

Buildings	20 years
Furniture and equipment	3 – 7 years
Vehicles	5 years
Leasehold improvements	5 – 20 years

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, 2017 and 2016.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (this is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

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 the receipt.

Contribution of Services

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

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.

Fundraising

Fundraising events revenue is recognized when events take place.

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). As such, all will be exempt from federal and state income taxes on related income pursuant to Section 401(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

The Organization has determined that there are no uncertain tax positions that require recognition or disclosure in the accompanying consolidated financial statements. Tax years that remain subject to examination by major tax jurisdictions are 2014 and forward. The Organization has no examinations in

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

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 benefited.

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.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Presentation for Not-for-Profit Entities

In August of 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. These amendments will have an impact on the Organization’s consolidated financial statement presentation. These amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. 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.

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

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

Subsequent Events

Events occurring after June 30, 2017, the date of the most recent financial statements, have been evaluated for possible adjustments to the financial statements or disclosures through September 27, 2017, which is the date the financial statements were available to be issued. No material subsequent events have occurred through that date that require recognition or disclosure in the financial statements.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are comprised of unconditional promises to give with collection periods through June 30, 2022. Pledges receivable are recorded after discounting to the present value of future cash flows, using a rate of 4%. At June 30, pledges receivable are as follows:

	2017	2016
Receivable in less than one year	\$ 242,540	\$ 316,583
Receivable in one to five years	442,411	584,765
	684,951	901,348
Less: discounts to net present value	(55,155)	(74,726)
Less: allowance for doubtful accounts	(121,462)	(217,844)
Net pledges receivable	<u>\$ 508,334</u>	<u>\$ 608,778</u>

NOTE 3 – INVESTMENTS

Investments are summarized as follows at June 30:

	2017	2016
Mutual funds	\$ 4,083,667	\$ 3,490,716
U.S. Government treasury notes	880,050	1,651,269
U.S Government-backed mortgage-backed securities	1,845,217	1,033,683
Short-term federated government obligations	430,557	500,842
Other short-term investments	2,230	11,272
Total	<u>\$ 7,241,721</u>	<u>\$ 6,687,782</u>

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 3 – INVESTMENTS (CONTINUED)

All investments are classified as current assets in the accompanying consolidated financial statements. These assets are, by nature, liquid and can be redeemed at any time without penalty.

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization applies generally accepted accounting principles for fair value measurements of financial assets and liabilities. These accounting principles define fair value and establish a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques. The three levels of inputs used to measure fair value are as follows:

Level 1 – Values measured using quoted prices in active markets for identical investments.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall 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, 2017:

	Level 1	Level 2	Level 3	Total
Mutual Funds – Equity	\$ 3,466,492	\$ -	\$ -	\$ 3,466,492
Mutual Funds – Diversifying	223,777	-	-	223,777
Mutual Funds – Fixed Income	264,815	-	-	264,815
Mutual Funds – Other	128,583	-	-	128,583
U.S. Government Obligations	2,774,225	381,599	-	3,155,824
Other	2,230	-	-	2,230
Total	\$ 6,860,122	\$ 381,599	\$ -	\$ 7,241,721

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 June 30, 2016:

	Level 1	Level 2	Level 3	Total
Mutual Funds – Equity	\$ 3,096,805	\$ -	\$ -	\$ 3,096,805
Mutual Funds – Diversifying	110,721	-	-	110,721
Mutual Funds – Fixed Income	163,086	-	-	163,086
Mutual Funds – Other	120,104	-	-	120,104
U.S. Government Obligations	3,185,794	-	-	3,185,794
Other	11,272	-	-	11,272
Total	\$ 6,687,782	\$ -	\$ -	\$ 6,687,782

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

There were no transfers between Level 1, Level 2, or Level 3 investments.

NOTE 5 – LAND, BUILDINGS, AND EQUIPMENT

Major classes of land, buildings, and equipment as of June 30 are as follows:

	2017	2016
Land	\$ 1,915,578	\$ 1,915,578
Buildings	16,238,421	14,596,112
Furniture and equipment	1,999,587	1,819,241
Vehicles	550,548	550,548
Leasehold improvements	1,031,920	916,682
	21,736,054	19,798,161
Less: accumulated depreciation and amortization	(9,511,807)	(8,348,874)
Total	\$ 12,224,247	\$ 11,449,287

Depreciation expense and amortization expense were \$998,786 and \$161,964 for the year ended June 30, 2017, respectively.

NOTE 6 – NOTES PAYABLE

Notes payable consisted of the following at June 30:

	2017	2016
Mortgage payable dated April 21, 2017, for the Organization’s Leon County facility. Interest only monthly payments are due through April 21, 2018. Monthly payments of \$6,164 include 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 \$1,178,333.	\$ 1,200,000	\$ -
Note payable dated January 5, 2013, for the Organization’s Alachua County facility. The note was secured by the land and building of PACE ALACHUA-THC. This note was paid in full in FY2017.	-	397,433
Unsecured promissory note payable (PACE) dated June 5, 2015 for the improvement of the Organization’s Clay County facility. Monthly principal payments of \$5,417 plus accrued interest at the LIBOR Daily Floating Rate as of the statement date plus 2% (3.09% and 2.45 at June 26, 2017 and 2016, respectively), with a maturity date of December 8, 2020. The note is subject to various financial covenants, which the Organization was in compliance with at June 30, 2017.	227,500	292,500

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 6 – NOTES PAYABLE (CONTINUED)

<p>Unsecured note payable (PACE) dated August 15, 2016 for the improvement of 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 include interest at the LIBOR rate plus 2% (3.08% at June 30, 2017), with a maturity date of July 5, 2020. The note is subject to various covenants, which the Organization was in compliance with at June 30, 2017.</p>	\$	259,484	\$	-
<p>Unsecured promissory note payable (PACE) dated June 5, 2016 for the improvement of the Organization’s Pasco County facility. Monthly principal payments of \$1,667 plus accrued interest at the LIBOR Daily Floating Rate as of the statement date plus 2% (3.21% and 2.45% at June 25, 2017 and June 26, 2016, respectively), with a maturity date of December 8, 2020. The note is subject to various financial covenants, which the Organization was in compliance with at June 30, 2017.</p>		86,667		90,000
<p>Mortgage payable dated November 27, 2007, for the Organization’s Manatee County facility. Monthly principal payments of \$2,865 include interest at the bank’s index rate plus 1.82% (6.61% for both years June 30, 2017 and 2016), with a maturity date of November 27, 2017. The note is secured by the land and building of PACE-THC with a net book value of \$250,371. The note is subject to various covenants, which the Organization was in compliance with at June 30, 2017.</p>		16,859		48,858
<p>Unsecured note payable (PACE COLLIER AT IMMOKALEE-THC) dated February 23, 2007 for the Organization’s Collier County facility. Monthly payments of \$3,110 include interest at 6.8%, with a maturity date of February 1, 2017. The note was paid in full in FY2017.</p>		-		24,250
<p>Total notes payable</p>		1,790,510		853,041
<p>Less: notes payable, current</p>		(134,941)		(167,847)
<p>Notes payable, long-term</p>		\$ 1,655,569		\$ 685,194

Scheduled aggregate principal payments on the notes payable as of June 30, 2017 are as follows:

2018	\$	134,941
2019		132,508
2020		133,261
2021		246,254
2022		28,645
Thereafter		1,114,901
Total notes payable	\$	1,790,510

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 7 – LINES OF CREDIT

The Organization has a master Loan Agreement with Bank of America, N.A. (the “BOA Agreement”) dated December 8, 2014. The BOA Agreement allows for four lines of credit which are convertible to promissory notes upon drawing funds on the individual lines.

A line of credit is available for working capital needs and allows for maximum borrowings of \$500,000 and is unsecured. Outstanding amounts on this line of credit are payable in monthly interest only payments, and the outstanding principal is due on November 30, 2017, the maturity date. At June 30, 2017 and 2016, the Organization did not have any amounts outstanding on this line of credit.

An additional line of credit in the amount of \$550,000 is available for the construction and expansion of the Leon County facility. The balance outstanding as of June 30, 2017 and 2016 was \$400,000 and \$0, respectively. As of June 30, 2017, the Organization has \$150,000 available for additional leasehold improvements to the Leon County facility. The line of credit matures on November 8, 2022.

The BOA Agreement carries an interest rate of the LIBOR Daily Floating Rate plus 2% (3.075% at June 30, 2017), for all borrowings. The Agreement contains various restrictions including, but not limited to, maintenance of liquid, unrestricted, unencumbered net assets of not less than \$3,500,000. As of June 30, 2017 and 2016, the Organization was in compliance with the required covenants.

The Organization has an unsecured Commercial Draw Note dated June 21, 2016 with Fifth Third Bank which, subject to the Lenders discretion, allows for maximum borrowings of \$3,500,000 (the “Fifth Third Agreement”). The Organization may borrow under the Fifth Third Agreement until July 21, 2018, the Conversion Date, when the outstanding borrowings will convert to a term loan, payable in monthly principle and interest installments over 60 months. Interest accrues at 1 month LIBOR rate plus 2.15% (3.275 % at June 30, 2017). After the Conversion Date, borrowings are subject to interest at the 1 month LIBOR rate plus 2.90%. The balance outstanding as of June 30, 2017 and 2016 was \$369,926 and \$0, respectively.

NOTE 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 for the years ended June 30:

	2017	2016
Rent based upon lease terms	\$ 2,326,831	\$ 1,924,728
In-kind contributions	66,503	66,503
Total	<u>\$ 2,393,334</u>	<u>\$ 1,991,231</u>

The Organization leases various office equipment with terms requiring average monthly payments of \$237 payable over 36 months, expiring in various years through 2020.

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 8 – LEASE COMMITMENTS (CONTINUED)

The Organization leases approximately 35 vehicles with terms requiring average monthly payments of \$402, payable over 60 months. The leases expire in various years through 2022.

Under the terms of all non-cancelable operating leases, the scheduled aggregate minimum lease payments as of June 30, 2017 were as follows:

2018	\$ 1,784,581
2019	1,525,635
2020	889,352
2021	617,628
2022	<u>239,034</u>
Total	<u>\$ 5,056,230</u>

NOTE 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 year ended June 30, 2017:

	<u>Revenues</u>	<u>Expenses</u>
Special events	\$ 126,995	\$ 126,995
Student costs	83,421	83,421
Occupancy	<u>66,503</u>	<u>66,503</u>
Total	<u>\$ 276,919</u>	<u>\$ 276,919</u>

The following is a summary of in-kind contributions which are recorded as revenue and related expenses in the consolidated financial statements for the year ended June 30, 2016:

	<u>Revenues</u>	<u>Expenses</u>
Special events	\$ 162,143	\$ 162,143
Student costs	129,614	129,614
Occupancy	<u>66,503</u>	<u>66,503</u>
Total	<u>\$ 358,260</u>	<u>\$ 358,260</u>

The in-kind expenses are presented according to the referenced expensed items in the Consolidated Statements of Functional Expenses.

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Temporarily restricted net assets released were utilized for the following purposes during the years ended June 30:

	2017	2016
Grants, student support, and other	\$ 1,825,356	\$ 2,059,968
Program services	1,173,814	145,585
Capital campaign	343,932	88,511
United Way	181,892	222,085
Time Restrictions: Pledge funds	160,983	249,048
Transition services	132,944	14,030
Therapist services	130,501	81,442
Scholarships	27,788	55,098
Georgia expansion fund	6,091	-
Total	<u>\$ 3,983,301</u>	<u>\$ 2,915,767</u>

Temporarily restricted net assets were available for the following purposes at June 30:

	2017	2016
Capital campaign	\$ 2,285,987	\$ 1,835,416
Grants, student support, and other	790,235	995,620
Time Restrictions: Pledge funds	508,334	602,955
Program services	386,795	596,891
Scholarships	157,369	176,418
Georgia expansion fund	145,909	-
Therapist services	101,941	71,080
Transition services	53,240	72,814
United Way	23,001	8,067
Total	<u>\$ 4,452,811</u>	<u>\$ 4,359,261</u>

NOTE 11 – 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 \$270,507 and \$224,894, for the years ended June 30, 2017 and 2016, respectively.

PACE Center for Girls, Inc. and Affiliates

**Notes to Consolidated Financial Statements
Years Ended June 30, 2017 and 2016**

NOTE 12 – 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 50% and 52% of total revenue and support of the Organization for the years ended June 30, 2017 and 2016, respectively. Amounts receivable from the DJJ accounted for approximately 64% and 53% of total contracts and grants receivable of the Organization as of June 30, 2017 and 2016, 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 the DJJ, with a net book value of \$60,555 and \$61,913 at June 30, 2017 and 2016, respectively, is included in land, buildings, and equipment on the accompanying Consolidated Statements of Financial Position.

NOTE 13 – 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. After discussion with counsel, 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.

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.

Supplementary Information

PACE Center for Girls, Inc. and Affiliates
Consolidating Schedule of Financial Position
June 30, 2017

	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	\$ 5,187,281	\$ 8,400	\$ -	\$ 15,082	\$ 13,810	\$ -	\$ 5,224,573
Investments	7,241,721	-	-	-	-	-	7,241,721
Contracts and grants receivable (net of allowance for doubtful accounts of \$0)	4,287,330	-	-	-	-	-	4,287,330
Pledges receivable, current (net of reserves of \$62,540)	180,000	-	-	-	-	-	180,000
Due from affiliated entities	1,610,785	-	-	-	-	(1,610,785)	-
Prepaid expenses and other assets	157,065	-	-	-	-	-	157,065
Total current assets	18,664,182	8,400	-	15,082	13,810	(1,610,785)	17,090,689
Noncurrent assets:							
Pledges receivable, long-term (net of reserves and discounts of \$114,077)	328,334	-	-	-	-	-	328,334
Land, buildings, and equipment, net	1,893,017	717,960	1,248,358	4,063,481	4,301,431	-	12,224,247
Total noncurrent assets:	2,221,351	717,960	1,248,358	4,063,481	4,301,431	-	12,552,581
Total assets	\$ 20,885,533	\$ 726,360	\$ 1,248,358	\$ 4,078,563	\$ 4,315,241	\$ (1,610,785)	\$ 29,643,270
Liabilities and net assets							
Current liabilities:							
Accounts payable and accrued expenses	\$ 3,805,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,805,662
Due to affiliated entities	-	571,232	387,785	127,267	524,501	(1,610,785)	-
Deferred revenue	230,865	-	-	-	-	-	230,865
Lines of credit	769,926	-	-	-	-	-	769,926
Notes payable, current	115,000	-	-	-	19,941	-	134,941
Total current liabilities	4,921,453	571,232	387,785	127,267	544,442	(1,610,785)	4,941,394
Long-term liabilities:							
Notes payable, long-term	458,651	-	-	-	1,196,918	-	1,655,569
Total liabilities	5,380,104	571,232	387,785	127,267	1,741,360	(1,610,785)	6,596,963
Net assets:							
Unrestricted	11,052,618	155,128	860,573	3,951,296	2,573,881	-	18,593,496
Temporarily restricted	4,452,811	-	-	-	-	-	4,452,811
Total net assets	15,505,429	155,128	860,573	3,951,296	2,573,881	-	23,046,307
Total liabilities and net assets	\$ 20,885,533	\$ 726,360	\$ 1,248,358	\$ 4,078,563	\$ 4,315,241	\$ (1,610,785)	\$ 29,643,270

PACE Center for Girls, Inc. and Affiliates
Consolidating Schedule of Financial Position
June 30, 2016

	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	\$ 5,794,561	\$ 8,383	\$ -	\$ 13,040	\$ 16,633	\$ -	\$ 5,832,617
Investments	6,687,782	-	-	-	-	-	6,687,782
Contracts and grants receivable (net of allowance for doubtful accounts of \$71,755)	2,582,032	-	-	-	-	-	2,582,032
Pledges receivable, current (net of reserves of \$43,569)	273,014	-	-	-	-	-	273,014
Due from affiliated entities	1,282,270	-	-	-	-	(1,282,270)	-
Prepaid expenses and other assets	508,579	-	-	-	-	-	508,579
Total current assets	17,128,238	8,383	-	13,040	16,633	(1,282,270)	15,884,024
Noncurrent assets:							
Pledges receivable, long-term (net of reserves and discounts of \$249,001)	335,764	-	-	-	-	-	335,764
Land, buildings, and equipment, net	1,592,260	744,132	1,381,969	4,401,009	3,329,917	-	11,449,287
Total noncurrent assets	1,928,024	744,132	1,381,969	4,401,009	3,329,917	-	11,785,051
Total assets	\$ 19,056,262	\$ 752,515	\$ 1,381,969	\$ 4,414,049	\$ 3,346,550	\$ (1,282,270)	\$ 27,669,075
Liabilities and net assets							
Current liabilities:							
Accounts payable and accrued expenses	\$ 3,162,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,162,253
Due to affiliated entities	-	198,953	387,785	127,267	568,265	(1,282,270)	-
Deferred revenue	107,776	-	-	3,110	2,865	-	113,751
Line of credit	285,661	-	-	-	-	-	285,661
Notes payable, current	85,000	26,523	-	24,250	32,074	-	167,847
Total current liabilities	3,640,690	225,476	387,785	154,627	603,204	(1,282,270)	3,729,512
Long-term liabilities:							
Notes payable, long-term	297,500	370,910	-	-	16,784	-	685,194
Total liabilities	3,938,190	596,386	387,785	154,627	619,988	(1,282,270)	4,414,706
Net assets:							
Unrestricted	10,758,811	156,129	994,184	4,259,422	2,726,562	-	18,895,108
Temporarily restricted	4,359,261	-	-	-	-	-	4,359,261
Total net assets	15,118,072	156,129	994,184	4,259,422	2,726,562	-	23,254,369
Total liabilities and net assets	\$ 19,056,262	\$ 752,515	\$ 1,381,969	\$ 4,414,049	\$ 3,346,550	\$ (1,282,270)	\$ 27,669,075

PACE Center for Girls, Inc. and Affiliates

Consolidating Schedule of Activities Year Ended June 30, 2017

	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 - DIJ	\$ 19,056,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,056,100
Public grants - School Boards	7,592,456	-	-	-	-	-	7,592,456
Grants - other	2,865,304	-	-	-	-	-	2,865,304
Contributions	2,253,544	-	-	-	-	-	2,253,544
In-kind contributions	276,917	-	-	-	-	-	276,917
Special events	1,568,205	-	-	-	-	-	1,568,205
Interest and dividend income	130,161	17	-	28	43	-	130,249
Amortization of premiums on investments	(19,967)	-	-	-	-	-	(19,967)
Net realized and unrealized gain on investments	357,569	-	-	-	-	-	357,569
Rental income	-	41,328	-	31,095	70,225	(142,648)	-
Other income	65,462	-	-	-	-	-	65,462
Net assets released from restriction	3,983,301	-	-	-	-	-	3,983,301
Total unrestricted support and revenue	<u>38,129,052</u>	<u>41,345</u>	<u>-</u>	<u>31,123</u>	<u>70,268</u>	<u>(142,648)</u>	<u>38,129,140</u>
Expenses							
Program services	28,173,566	42,346	133,611	339,249	222,949	(142,648)	28,769,073
Management and general	7,007,241	-	-	-	-	-	7,007,241
Fundraising	2,654,438	-	-	-	-	-	2,654,438
Total expenses	<u>37,835,245</u>	<u>42,346</u>	<u>133,611</u>	<u>339,249</u>	<u>222,949</u>	<u>(142,648)</u>	<u>38,430,752</u>
Change in unrestricted net assets	293,807	(1,001)	(133,611)	(308,126)	(152,681)	-	(301,612)
Restricted Support and Revenue							
Grants - other	3,842,116	-	-	-	-	-	3,842,116
Contributions	74,206	-	-	-	-	-	74,206
Special events	11,002	-	-	-	-	-	11,002
Interest and dividend income	66,862	-	-	-	-	-	66,862
Net realized and unrealized gain on investments	72,668	-	-	-	-	-	72,668
Other income	9,997	-	-	-	-	-	9,997
Total restricted support and revenue	<u>4,076,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,076,851</u>
Net assets released from restriction	(3,983,301)	-	-	-	-	-	(3,983,301)
Change in temporarily restricted net assets	93,550	-	-	-	-	-	93,550
Change in total net assets	387,357	(1,001)	(133,611)	(308,126)	(152,681)	-	(208,062)
Net assets - beginning of the year	15,118,072	156,129	994,184	4,259,422	2,726,562	-	23,254,369
Net assets - end of the year	<u>\$ 15,505,429</u>	<u>\$ 155,128</u>	<u>\$ 860,573</u>	<u>\$ 3,951,296</u>	<u>\$ 2,573,881</u>	<u>\$ -</u>	<u>\$ 23,046,307</u>

PACE Center for Girls, Inc. and Affiliates
Consolidating Schedule of Activities
Year Ended June 30, 2016

	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 - DJJ	\$ 17,956,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,956,100
Public grants - School Boards	7,251,059	-	-	-	-	-	7,251,059
Grants - other	2,236,114	-	-	-	-	-	2,236,114
Contributions	2,443,986	-	-	-	-	-	2,443,986
In-kind contributions	358,260	-	-	-	-	-	358,260
Special events	1,078,270	-	-	-	-	-	1,078,270
Interest and dividend income	222,270	23	-	10	75	-	222,378
Amortization of premiums on investments	(15,993)	-	-	-	-	-	(15,993)
Net realized and unrealized loss on investments	(124,453)	-	-	-	-	-	(124,453)
Rental income	-	45,085	-	37,316	34,382	(116,783)	-
Other income	89,177	-	-	-	-	-	89,177
Net assets released from restriction	2,915,767	-	-	-	-	-	2,915,767
Total unrestricted support and revenue	34,410,557	45,108	-	37,326	34,457	(116,783)	34,410,665
Expenses							
Program services	25,107,491	46,274	133,682	323,169	144,335	(116,783)	25,638,168
Management and general	6,224,558	-	-	-	-	-	6,224,558
Fundraising	2,379,019	-	-	-	-	-	2,379,019
Total expenses	33,711,068	46,274	133,682	323,169	144,335	(116,783)	34,241,745
Change in unrestricted net assets	699,489	(1,166)	(133,682)	(285,843)	(109,878)	-	168,930
Restricted Support and Revenue							
Grants - other	2,652,938	-	-	-	-	-	2,652,938
Contributions	441,427	-	-	-	-	-	441,427
Interest and dividend income	150,424	-	-	-	-	-	150,424
Net realized and unrealized loss on investments	(175,154)	-	-	-	-	-	(175,154)
Other income	9,211	-	-	-	-	-	9,211
Total restricted support and revenue	3,078,846	-	-	-	-	-	3,078,846
Net assets released from restriction	(2,915,767)	-	-	-	-	-	(2,915,767)
Change in temporarily restricted net assets	163,079	-	-	-	-	-	163,079
Change in total net assets, before transfers	862,568	(1,166)	(133,682)	(285,843)	(109,878)	-	331,999
Contributions of capital assets	(2,078,978)	-	-	-	2,078,978	-	-
Change in total net assets, after transfers	(1,216,410)	(1,166)	(133,682)	(285,843)	1,969,100	-	331,999
Net assets - beginning of the year	16,334,482	157,295	1,127,866	4,545,265	757,462	-	22,922,370
Net assets - end of the year	\$ 15,118,072	\$ 156,129	\$ 994,184	\$ 4,259,422	\$ 2,726,562	\$ -	\$ 23,254,369

PACE Center for Girls, Inc. and Affiliates

Consolidating Schedule of Cash Flows Year Ended June 30, 2016

	PACE Center for Girls, Inc.	PACE Alachua - THC, Inc.	PACE Broward- THC, Inc.	PACE Collier at Immokalee- THC, Inc.	PACE- THC, Inc.	Eliminations	Total
Cash flows from operating activities							
Change in net assets	\$ (1,216,410)	\$ (1,166)	\$ (133,682)	\$ (285,843)	\$ 1,969,100	\$ -	\$ 331,999
Adjustments to reconcile change in net assets to net change in operating activities:							
Depreciation and amortization	512,151	26,173	133,612	319,427	137,146	-	1,128,509
Transfer (contribution) of property	2,078,978	-	-	-	(2,078,978)	-	-
Loss on disposal of equipment	18,514	-	-	-	-	-	18,514
Net unrealized and realized loss on investments	163,058	-	-	-	-	-	163,058
Bad debt expense	294,777	-	-	-	-	-	294,777
Amortization of premium/discount on investments, net	15,993	-	-	-	-	-	15,993
Change in:							
Contracts and grants receivable	1,330,265	-	-	-	-	-	1,330,265
Pledges receivable	(120,913)	-	-	-	-	-	(120,913)
Prepaid expenses and other assets	(184,521)	-	-	-	-	3,955	(180,566)
Accounts payable and accrued expenses	355,198	248	70	6,495	(2,858)	(3,955)	355,198
Deferred revenue	30,836	-	-	3,110	2,865	-	36,811
Net change in operating activities	3,277,926	25,255	-	43,189	27,275	-	3,373,645
Cash flows from investing activities							
Proceeds from sale of investments	7,528,836	-	-	-	-	-	7,528,836
Purchases of investments	(7,686,427)	-	-	-	-	-	(7,686,427)
Purchases of land, buildings, and equipment	(527,476)	-	-	-	-	-	(527,476)
Net change in investing activities	(685,067)	-	-	-	-	-	(685,067)
Cash flows from financing activities							
Proceeds from notes payable	262,500	-	-	-	-	-	262,500
Principal repayments of notes payable	(42,500)	(25,232)	-	(34,338)	(30,065)	-	(132,135)
Net change in financing activities	220,000	(25,232)	-	(34,338)	(30,065)	-	130,365
Net change in cash	2,812,859	23	-	8,851	(2,790)	-	2,818,943
Cash and cash equivalents - beginning of the year	2,981,702	8,360	-	4,189	19,423	-	3,013,674
Cash and cash equivalents - end of the year	\$ 5,794,561	\$ 8,383	\$ -	\$ 13,040	\$ 16,633	\$ -	\$ 5,832,617
Supplemental disclosure of cash flow information:							
Cash paid for interest expense	\$ 14,155	\$ 19,853	\$ -	\$ 6,489	\$ 5,328	\$ -	\$ 45,825
Contributions of capital equipment	\$ (2,078,978)	\$ -	\$ -	\$ -	\$ 2,078,978	\$ -	\$ -

PACE Center for Girls, Inc. and Affiliates

**Schedule of Source and Expenditure of City Grant Funds
Years ended June 30, 2017 and 2016**

CITY OF JACKSONVILLE PUBLIC SERVICE GRANTS

Receipt of City Funds

	City FY 2016-2017 Grant #7000-35
Amount of Award (per City budget ordinance)	\$ 180,000
Prior year carry forward funds	-
Actual funds received from City in last audit period	-
Actual amount received this audit period	-
Amount due to PACE	\$ 180,000

Expenditure of City Funds

City FY 2016-2017 Grant #7000-33 - \$217,500

	Budgeted Grant	Amendment (Extension)	Budgeted Amended Grant	Actual 7/1/2015 - 9/30/2015	Actual 10/1/2015 - 12/31/2015	Actual 1/1/2016 - 3/31/2016	Actual 4/1/2016 - 6/30/2016	Actual 7/1/2016 - 9/30/2016	Extension 7/1/2016 - 9/30/2016	Total Actual	Remaining Balance
Salaries	\$ 151,261	\$ 37,500	\$ 188,761	\$ 24,814	\$ 33,302	\$ 35,668	\$ 57,477	\$ 37,500	\$ 188,761	\$ -	
Consumable											
Program Supplies	-	-	-	-	-	-	-	-	-	-	-
Indirect Cost	16,200	-	16,200	4,050	4,050	4,050	4,050	-	-	16,200	-
Transportation	12,539	-	12,539	1,260	2,134	3,500	5,645	-	-	12,539	-
Total	\$ 180,000	\$ 37,500	\$ 217,500	\$ 30,124	\$ 39,486	\$ 43,218	\$ 67,172	\$ 37,500	\$ 217,500	\$ -	

PACE Center for Girls, Inc. and Affiliates

Schedule of Source and Expenditure of City Grant Funds (CONTINUED)
Years ended June 30, 2017 and 2016

Expenditure of City Funds

City FY 2016-2017 Grant #7000-35 - \$180,000

	Budgeted Grant	Amendment	Budgeted Grant	Actual				Total Actual	Remaining Balance
				7/1/2016 – 9/30/2016	10/1/2016 – 12/31/2016	1/1/2017 – 3/31/2017	4/1/2017 – 6/30/2017		
Salaries	\$ 153,379	\$ -	\$ 153,379	\$ -	\$ 35,899	\$ 42,259	\$ 35,439	\$ 113,597	\$ 39,782
Consumable	-	-	-	-	-	-	-	-	-
Program Supplies	-	-	-	-	-	-	-	-	-
Indirect Cost	16,200	-	16,200	-	4,050	4,050	4,050	12,150	4,050
Transportation	10,421	-	10,421	-	2,010	4,410	3,450	9,870	551
Total	\$ 180,000	\$ -	\$ 180,000	\$ -	\$ 41,959	\$ 50,719	\$ 42,939	\$ 135,617	\$ 44,383

PACE Center for Girls, Inc. and Affiliates

**Schedule of Source and Expenditure of City Grant Funds
Years ended June 30, 2017 and 2016**

Receipt of City Funds

	City FY 2015-2016 Grant #7000-33
Amount of Award (per City budget ordinance)	\$ 180,000
Prior year carry forward funds	-
Actual funds received from City in last audit period	-
Actual amount received this audit period	(139,828)
Amount due to PACE	\$ 40,172

Expenditure of City Funds

City FY 2015-2016 Grant #7000-33 - \$180,000

	Budgeted Grant as Amended	Actual 7/1/2015 - 9/30/2015	Actual 10/1/2015 - 12/31/2015	Actual 1/1/2016 - 3/31/2016	Actual 4/1/2016 - 6/30/2016	Total Actual	Remaining Balance
Salaries	\$ 151,261	\$ 24,814	\$ 33,302	\$ 35,668	\$ 57,477	\$ 151,261	\$ -
Indirect cost	16,200	4,050	4,050	4,050	4,050	16,200	-
Transportation	12,539	1,260	2,134	3,500	5,645	12,539	-
Total	\$ 180,000	\$ 30,124	\$ 39,486	\$ 43,218	\$ 67,172	\$ 180,000	\$ -

The schedule of sources and expenditures of city grant funds includes grant activity related to funding from the various departments within the City of Jacksonville.

The information in this schedule is presented in accordance with the requirements of Ordinance Code Chapter 118.208(e) of the City of Jacksonville, Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

Single Audit Reporting



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of PACE Center for Girls, Inc., PACE-THC, Inc., PACE BROWARD-THC, Inc., PACE COLLIER AT IMMOKALEE-THC Inc., and PACE ALACHUA-THC Inc., (not-for-profit organizations collectively referred to as the Organization) which comprise the consolidated statement of financial position as of June 30, 2017 and the related consolidated statements of activities, cash flows and functional expenses for the year then ended and have issued our report thereon dated September 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 Organization’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 the 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 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 the determination of 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 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.

BDO USA, LLP

Certified Public Accountants
September 27, 2017



Independent Auditor’s Report on Compliance For Each Major Program and State Project and Report on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida*

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

Report on Compliance for Each Major Federal Program and State Project

We have audited PACE Center for Girls, Inc. (PACE), compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the State of Florida’s Department of Financial Services’ *State Projects 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, 2017. The Organization’s major federal program and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of 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; the audit requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and Chapter 10.650, *Rules of the Florida Auditor General*. Those standards, Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* of the State of Florida 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 each major federal program or 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 of Each Major Federal Program and State Project

In our opinion, PACE complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program or state project for the year ended June 30, 2017.

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 requirements that could have a direct and material effect on a major federal program or state project in order 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 Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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 that testing based on the requirements of Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Certified Public Accountants
September 27, 2017

PACE Center for Girls Inc. and Affiliates

**Schedule of Expenditures of Financial Awards (Continued)
Year Ended June 30, 2017**

Federal/State Grantor/Pass-Through, Grantor/Federal Program/State Project	CFDA CFSA Number	Contract Number	Federal Expenditures	State Expenditures	Local Expenditures
FEDERAL PROGRAMS:					
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	\$ 175,281	\$ -	\$ -
<i>Passed through FDLE and Broward County, FL</i>					
Edward Byrne Memorial Justice Program	16.738	2016-BARC-BYRNE/JAG-8252-00	43,807	-	-
<i>Passed through the Pinellas County Board of Commissioners and the Pinellas County Department of Justice and Human Services</i>					
Edward Byrne Memorial Justice Program	16.738	2016-BYRNE/JAG-JAGC-2686	10,000	-	-
			229,088	-	-
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed through State Department of Education</i>					
National School Breakfast and Lunch Program	10.553/10.555	018308	497,360	-	-
U.S. DEPARTMENT OF EDUCATION					
<i>Passed through Alachua County School Board</i>					
Title 1 Grants to Local Educational Agencies	84.010	FYE 2017	12,117	-	-
<i>Passed through School Board of Collier County</i>					
Title 1 Grants to Local Educational Agencies	84.010	FYE 2017	37,348	-	-
<i>Passed through School Board of Leon County</i>					
Title 1 Grants to Local Educational Agencies	84.010	FYE 2017	14,976	-	-
			64,441	-	-
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 2015-2016	20,952	-	-
Spirited Girls Program and Reach Program	14.218	FYE 2016-2017	12,169	-	-
			33,121	-	-
Total Expenditures of Federal Awards			\$ 999,291	\$ -	\$ -

PACE Center for Girls Inc. and Affiliates

**Schedule of Expenditures of Financial Awards (Continued)
Year Ended June 30, 2017**

Federal/State Grantor/Pass-Through, Grantor/Federal Program/State Project	CFDA CFSA Number	Contract Number	Federal Expenditures	State Expenditures	Local Expenditures
STATE PROJECTS:					
FLORIDA DEPARTMENT OF JUVENILE JUSTICE Pace Center for Girls - Prevention and Victim Services	80.007	X10051	\$ -	\$ 19,056,100	\$ -
LOCAL ASSISTANCE:					
<i>Passed through the City of Jacksonville, Florida</i> Jacksonville Children's Commission	N/A	7000-33	\$ -	\$ -	\$ 180,199
Other local grants					
Children's Services Council of St. Lucie	N/A	N/A (2015-2016)	-	-	53,156
Children's Services Council of St. Lucie	N/A	N/A (2016-2017)	-	-	17,681
Manatee Board of County Commissioners	N/A	TPP (2015-2016)	-	-	47,231
Manatee Board of County Commissioners	N/A	TPP (2016-2017)	-	-	138,205
Juvenile Welfare Board of Pinellas County	N/A	AGN295 (FY 2015-2016)	-	-	71,623
Juvenile Welfare Board of Pinellas County	N/A	AGN295 (FY 2016-2017)	-	-	31,924
Lee County SW Florida Board of County Commissioners Department of Human Service	N/A	7344(2015-2016)	-	-	7,644
Lee County SW Florida Board of County Commissioners Department of Human Service	N/A	7344(2016-2017)	-	-	22,335
Leon County Board of County Commissioners	N/A	N/A (2015-2016)	-	-	46,254
Leon County Board of County Commissioners	N/A	1326E (FY 2016-17)	-	-	13,434
Children's Services Council of Broward County	N/A	14-2813	-	-	85,525
Children's Services Council of Broward County	N/A	14-2813	-	-	48,492
Volusia County Children and Family Services	N/A	CS2038 (2016-2017)	-	-	35,002
Alachua County Board of County Commissioners - County Community Agency Partnership Program	N/A	RFA: 16-198	-	-	25,355
Total Expenditures of Local Assistance			\$ 999,291	\$ 19,056,100	\$ 824,060

See accompanying notes to schedule of financial awards.

PACE Center for Girls, Inc. and Affiliates

**Notes to Schedule of Expenditures of Financial Awards
Year Ended June 30, 2017**

NOTE 1 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of financial awards includes the federal, state, and local grant activity of PACE Center for Girls, Inc., and Affiliates (collectively the Organization), and is prepared on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements described in the Executive Office of the Governor of the State of Florida's *State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

NOTE 2 – PASS-THROUGH AWARDS

The Organization received certain federal awards and state projects from pass-through awards of the state, local government, and other entities. The total amount of such pass-through awards is included on the accompanying supplementary schedule.

NOTE 3 – TRANSFERS TO SUBRECIPIENTS

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

NOTE 4 – INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

PACE Center for Girls, Inc. and Affiliates

**Notes to Schedule of Expenditures of Financial Awards
Year Ended June 30, 2017**

Summary of Independent Auditor's Results

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	_____ Yes	<u> x </u> No
Significant deficiency (ies) identified?	_____ Yes	<u> x </u> None noted
Noncompliance material to financial statements noted?	_____ Yes	<u> x </u> No

Federal Awards and State Financial Assistance Projects

Material weakness (es) identified?	_____ Yes	<u> x </u> No
Significant deficiency (ies) identified?	_____ Yes	<u> x </u> None noted

Type of auditor's report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.650, *Rules of the Florida Auditor General*? _____ Yes x No

Identification of major federal programs and state projects:

Federal Programs:

CFDA Number	Name of Federal Programs or Cluster
10.553/10.555	National School Breakfast and Lunch Program

State Projects:

CSFA Number	Name of State Projects
80.007	Practical and Cultural Education (PACE) Center for Girls - Prevention and Victim Services

Dollar threshold used to distinguish between type A and type B programs:

Federal Programs	\$750,000
State projects	\$571,683

Auditee qualified as low-risk auditee? _____ x Yes _____ No

PACE Center for Girls, Inc. and Affiliates

**Schedule of Findings and Questioned Costs
Year ended June 30, 2017**

Section II - Financial Statement Findings Section

There were no findings that were required to be reported to those charged with governance.

**Section III - Findings and Questioned Costs – Federal Awards and State Financial Assistance
Projects**

There were no findings identified that were required to be reported to those charged with governance in accordance with 2 CFR 200.516(a) or Chapter 10.650, *Rules of the Florida Auditor General* during the year ended June 30, 2017.