

**PACE Center for Girls, Inc.
and Related Entities**

Combined Financial Report

Year Ended June 30, 2015

PACE Center for Girls, Inc. and Related Entities

Table of Contents

Report of independent certified public accountants	1
Financial statements:	
Combined statement of financial position	3
Combined statement of activities	4
Combined statement of cash flows	5
Combined statement of functional expenses	6
Notes to combined financial statements	7
Supplementary information:	
Combining schedule of financial position	21
Combining schedule of activities	22
Combining schedule of cash flows	23
Other financial information:	
Schedule of expenditures of financial awards	24
Notes to schedule of expenditures of financial awards	26
Schedule of source and expenditure of city grant funds	27
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of combined financial statements performed in accordance with <i>Government Auditing Standards</i>	28
Independent auditors' report on compliance for each major program and on internal control over compliance required by OMB Circular A-133 and Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i>	30
Schedule of findings and questioned costs	32



Accountants
Consultants
Wealth Advisors

LBA Certified Public Accountants, PA

Report of Independent Certified Public Accountants

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of PACE Center for Girls, Inc. PACE-THC, Inc., PACE BROWARD-THC, Inc., PACE COLLIER-THC, Inc., and PACE ALACHUA-THC, Inc., (not-for-profit organizations collectively referred to as the Organization), which comprise the combined statement of financial position as of June 30, 2015, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined

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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, and the changes in its net assets and its cash flows for the years 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 combined financial statements as a whole. The combining schedules of financial position, activities and cash flows on pages 21-23 are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of financial awards on pages 24-25, and the schedule of source and expenditure of city grant funds on page 27 are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Chapter 10.650, *Rules of the Auditor General* of the State of Florida and the City of Jacksonville, Florida Ordinance 118.205, respectively, and are not a required part of the combined 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 combined financial statements. The supplementary and other financial information have been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and other financial information are fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2015, 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.

LBA Certified Public Accountants, P.A.

September 4, 2015

PACE Center for Girls, Inc. and Related Entities

**Combined Statement of Financial Position
June 30, 2015**

Assets

Current assets:

Cash and cash equivalents	\$ 3,013,674
Investments	6,709,242
Contracts and grants receivable	3,984,052
Pledges receivable, current (net of reserves and discounts of \$197,825)	122,488
Prepaid expenses and other assets	328,013
Total current assets	<u>14,157,469</u>

Noncurrent assets:

Pledges receivable, long-term	588,399
Land, buildings, and equipment, net	12,062,073
Intangible assets, net	6,761
Total noncurrent assets	<u>12,657,233</u>

Total assets	<u>\$ 26,814,702</u>
--------------	----------------------

Liabilities and net assets

Current liabilities:

Accounts payable and accrued expenses	\$ 2,807,055
Deferred revenue	76,940
Line of credit	285,661
Notes payable, current	117,838
Total current liabilities	<u>3,287,494</u>

Long-term liabilities:

Notes payable, long-term	604,838
Total liabilities	<u>3,892,332</u>

Net assets:

Unrestricted	18,726,188
Temporarily restricted	4,196,182
Total net assets	<u>22,922,370</u>

Total liabilities and net assets	<u>\$ 26,814,702</u>
----------------------------------	----------------------

See accompanying notes to combined financial statements.

PACE Center for Girls, Inc. and Related Entities

**Combined Statement of Activities
Year Ended June 30, 2015**

	Unrestricted	Temporarily Restricted	Total All Classes
Support and Revenue			
Public grants - DJJ	\$ 15,643,145	\$ -	\$ 15,643,145
Public grants - School Boards	6,793,127	-	6,793,127
Grants - other	1,641,872	4,375,137	6,017,009
Contributions	1,397,336	310,202	1,707,538
In-kind contributions	156,254	2,032	158,286
Special events	1,445,779	-	1,445,779
Interest and dividend income	175,771	106,234	282,005
Amortization of premiums on investments	(62,108)	-	(62,108)
Net realized and unrealized loss on investments	(113,944)	(95,039)	(208,983)
Other income	85,212	10,024	95,236
Total support and revenue	27,162,444	4,708,590	31,871,034
 Net assets released from restrictions	 7,380,104	 (7,380,104)	 -
Expenses			
Program services	24,287,353	-	24,287,353
Management and general	5,824,022	-	5,824,022
Fundraising	1,744,800	-	1,744,800
Total expenses	31,856,175	-	31,856,175
 Change in net assets	 2,686,373	 (2,671,514)	 14,859
 Net assets - beginning of the year, as restated	 16,039,815	 6,867,696	 22,907,511
 Net assets - end of the year	 \$ 18,726,188	 \$ 4,196,182	 \$ 22,922,370

See accompanying notes to combined financial statements.

PACE Center for Girls, Inc. and Related Entities

**Combined Statement of Cash Flows
Year Ended June 30, 2015**

Cash flows from operating activities:	
Change in net assets	\$ 14,859
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	982,261
Amortization	40,361
Amortization of intangibles	4,203
Loss on disposal of equipment	1,490
Unrealized loss on investments	208,983
In-kind contribution of capital assets	(25,000)
Bad debt expense	430,366
Amortization of premium/discount on investments, net	62,108
Change in:	
Contracts and grants receivable	(1,733,047)
Pledges receivable	(276,421)
Prepaid expenses and other assets	(71,438)
Accounts payable and accrued expenses	609,326
Deferred revenue	(130,730)
Net cash provided by operating activities	<u>117,321</u>
Cash flows from investing activities:	
Proceeds from sale of investments	3,041,027
Purchases of investments	(2,380,201)
Purchases of land, buildings, and equipment	(890,009)
Proceeds from sales of land, buildings, and equipment	4,815
Net cash used in investing activities	<u>(224,368)</u>
Cash flows from financing activities:	
Proceeds from line of credit	285,661
Proceeds from notes payable	162,500
Principal repayments of notes payable	(129,417)
Net cash provided by financing activities	<u>318,744</u>
Net change in cash	211,697
Cash and cash equivalents - beginning of the year	<u>2,801,977</u>
Cash and cash equivalents - end of the year	<u>\$ 3,013,674</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest expense	<u>\$ 31,600</u>
In-kind contribution of capital assets	<u>\$ 25,000</u>

See accompanying notes to combined financial statements.

PACE Center for Girls, Inc. and Related Entities

**Combined Statement of Functional Expenses
Year Ended June 30, 2015**

	Program Services	Management and General	Fundraising	Total All Classes
Salaries	\$ 14,670,780	\$ 2,329,689	\$ 729,267	\$ 17,729,736
Payroll taxes & employee benefits	2,950,816	386,066	142,699	3,479,581
Employee training & recruiting	268,603	259,457	17,787	545,847
Contracted personnel	231,310	106,860	3,800	341,970
Total personnel	<u>18,121,509</u>	<u>3,082,072</u>	<u>893,553</u>	<u>22,097,134</u>
Occupancy	2,057,213	1,025,618	83,842	3,166,673
Equipment	827,385	81,494	27,554	936,433
Vehicle	185,936	47,563	40	233,539
Insurance	-	310,609	-	310,609
Professional fees	483,916	524,928	964	1,009,808
Materials & supplies	185,162	41,479	8,312	234,953
Trustees & director expenses	14,940	6,479	3,198	24,617
Outreach & public education	92,725	126,747	42,450	261,922
Student costs	1,239,506	892	901	1,241,299
Travel	199,491	292,673	1,983	494,147
Special events	298	-	290,062	290,360
Depreciation & amortization	774,464	248,158	-	1,022,622
Interest	35,133	-	670	35,803
Other	69,675	35,310	391,271	496,256
Total expenses	<u>\$ 24,287,353</u>	<u>\$ 5,824,022</u>	<u>\$ 1,744,800</u>	<u>\$ 31,856,175</u>

See accompanying notes to combined financial statements.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

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.

PACE-THC, Inc. (PACE-THC) is an affiliated not-for-profit organization incorporated 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 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-THC, Inc. (PACE COLLIER-THC) is an affiliated not-for-profit organization incorporated 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 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 Combination

The accompanying combined financial statements include the accounts and activities of PACE, PACE-THC, PACE BROWARD-THC, PACE COLLIER-THC, and PACE ALACHUA-THC, collectively referred to herein as the "Organization." PACE-THC, PACE BROWARD-THC, PACE COLLIER-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 Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

In conformity with generally accepted accounting principles, 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 are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets. Unrestricted net assets include assets available for education and general activities, which account for all the income and expenses of normal operations. Unrestricted net assets also include revenues and expenses associated with federal, state and local grants. Unrestricted net assets also include land, land improvements, buildings, and equipment.

Temporarily restricted net assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. Temporarily restricted net assets also include matching contributions received from private, non-governmental sources.

Permanently restricted net assets include gifts and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Cash and Cash Equivalents

For purposes of the Combined 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 allowance for doubtful accounts was \$0 at June 30, 2015. The Organization does not charge interest on past due 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 Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

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 Combined Statement of Activities of the Organization. The net unrealized increase or decrease in fair value is recognized in the accompanying Combined Statement 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 United States 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, Building, and Equipment

Land, building, and equipment is recorded at historical cost, or fair value at the date of donation. Computers, equipment, leasehold improvements, land, building and furniture in excess of \$2,500 is 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 fixtures	3 – 5 years
Vehicles	5 years
Leasehold improvements	5 – 20 years

Restricted and Unrestricted Revenue and Support

In conformity with generally accepted accounting principles, 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. 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 purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statement of Activities as net assets released from restrictions.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 1 – 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 combined 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 combined 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.

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-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 combined financial statements. Tax years that remain subject to examination by major tax jurisdictions are 2012 and forward.

Functional Expense Allocation

The combined costs of providing program and management activities have been summarized on a functional basis in the Combined Statement of Activities and the Combined Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Combined Financial Statement Estimates

The preparation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated events through the date of the report of independent certified public accountants, the date the combined financial statements were available to be issued, and has determined that there are no subsequent events to disclose.

NOTE 2 - RESTATEMENT

The Organization has determined that a restatement of the June 30, 2014 combined financial statements is appropriate to correct the classification between temporarily restricted and unrestricted net assets for pledges receivable as of June 30, 2014 as follows:

	<u>As Previously Reported</u>	<u>Restatement Adjustments</u>	<u>As Restated</u>
Unrestricted net assets	\$ 16,838,520	\$ (798,705)	\$ 16,039,815
Restricted net assets	\$ 6,068,991	\$ 798,705	\$ 6,867,696

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable are comprised of unconditional promises to give with collection periods through June 30, 2024. Pledges receivable are recorded after discounting to the present value of future cash flows, using a risk free interest rate of 4%. At June 30, 2015, pledges receivable are as follows:

Receivable in less than one year	\$ 320,313
Receivable in one to five years	588,099
Receivable in more than five years	300
	<u>908,712</u>
Less: discounts to net present value	(76,766)
Less: allowance for doubtful accounts	<u>(121,059)</u>
Net pledges receivable	<u>\$ 710,887</u>

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 4 – INVESTMENTS

Investments are summarized as follows at June 30, 2015:

Mutual funds	\$ 3,095,088
U.S. Government treasury notes	1,929,538
U.S Government-backed mortgage-backed securities	1,356,023
Short-term federated government obligations	306,902
Other short-term investments	<u>21,691</u>
Total	<u>\$ 6,709,242</u>

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

NOTE 5 – 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, 2015:

	Level 1	Level 2	Level 3	Total
Mutual Funds – Equity	\$ 2,474,365	\$ -	\$ -	\$ 2,474,365
Mutual Funds – Diversifying	339,489	-	-	339,489
Mutual Funds – Fixed Income	160,713	-	-	160,713
Mutual Funds – Other	120,521	-	-	120,521
U.S. Government Obligations	3,592,463	-	-	3,592,463
Other	21,691	-	-	21,691
Total	<u>\$ 6,709,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,709,242</u>

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

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 6 – LAND, BUILDINGS AND EQUIPMENT

Major classes of land, buildings and equipment as of June 30, 2015 are as follows:

Land	\$ 1,915,578
Buildings	14,758,612
Furniture and equipment	1,940,089
Vehicles	432,694
Leasehold improvements	<u>815,149</u>
	19,862,122
Less: accumulated depreciation and amortization	<u>(7,800,049)</u>
Total	<u>\$ 12,062,073</u>

NOTE 7 – INTANGIBLE ASSETS

Intangible assets as of June 30, 2015 are summarized below:

Financing costs	\$ 42,370
Less accumulated amortization	<u>(35,609)</u>
Intangible assets, net	<u>\$ 6,761</u>

Amortization expense for the year ended June 30, 2015 was \$4,203, and is included within interest expense on the Combined Statement of Functional Expenses.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 8 – NOTES PAYABLE

Notes payable consisted of the following at June 30, 2015:

Note payable (PACE ALACHUA-THC) dated December 17, 2012, for the Organization's Alachua facility. Monthly payments of \$3,757 include interest at 4.75%, with a maturity date of December 5, 2027. The note is secured by the land and building of PACE ALACHUA-THC with a net book value of \$770,305.	\$ 422,665
Unsecured note payable (PACE) dated June 17, 2015 for the improvement of the Organization's Clay facility. Monthly payments of \$2,615 include interest at the LIBOR Daily Floating Rate plus 2% (2.19% at June 30, 2015), 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, 2015.	162,500
Note payable (PACE-THC) dated December 12, 2007, for the Organization's Manatee facility. Monthly payments of \$2,865 include interest at the bank's index rate plus 1.82% (6.61% at June 30, 2015), with a maturity date of December 12, 2017. The note is secured by the land and building of PACE-THC with a net book value of \$1,387,072. The note is subject to various financial covenants, which the Organization was in compliance with at June 30, 2015.	78,923
Note payable (PACE COLLIER-THC) dated February 23, 2007 for the Organization's Collier facility. Monthly payments of \$3,110 include interest at 6.8%, with a maturity date of February 1, 2017. The note is secured by the land and building of PACE COLLIER-THC with a net book value of \$3,553,464. The note is subject to various covenants, which the Organization was in compliance with at June 30, 2015.	<u>58,588</u>
Total notes payable	722,676
Less: notes payable, current	<u>(117,838)</u>
Notes payable, long-term	<u>\$ 604,838</u>

Scheduled aggregate principal payments on the notes payable as of June 30, 2015 are as follows:

2016	\$ 117,838
2017	111,540
2018	73,982
2019	59,218
2020	61,318
Thereafter	<u>298,780</u>
Total notes payable	<u>\$ 722,676</u>

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 9 – LOAN AGREEMENTS

PACE Center for Girls, Inc. has a master Loan Agreement (the Agreement) dated December 8, 2014. The Agreement allowed for two lines of credit and three promissory notes. Two of the promissory notes, related to potential improvements in the West Palm Beach center and the Pasco center, with aggregate maximum borrowings of \$600,000 expired on June 8, 2015. On June 5, 2015, the Pasco center promissory note was extended until December 8, 2015, with maximum borrowings of \$100,000. The Organization borrowed on the third promissory note, in the amount of \$162,500 for the Clay center leasehold improvements as disclosed in Note 8.

The first 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 at the maturity date. At June 30, 2015, the Organization did not have any amounts outstanding on this line of credit. The second line of credit is available for the construction and expansion of the Manatee center, and is secured by the real property constructed or obtained with the proceeds (net book value of \$285,515 as of June 30, 2015). Outstanding amounts on this line of credit are payable in monthly interest only payments, and the outstanding principal balance is due on the maturity date. The lines of credit mature on October 31, 2015.

The Agreement carries an interest rate of the LIBOR Daily Floating Rate plus 2% (2.19% at June 30, 2015), 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, 2015, the Organization was in compliance with the required covenants.

NOTE 10 – 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 year ended June 30, 2015:

Rent based upon lease terms	\$ 1,538,389
In-kind contributions	<u>66,503</u>
Total	<u>\$ 1,604,892</u>

The Organization leases various office equipment ranging from \$29 to \$700 per month, expiring in various years through 2017.

The Organization leases approximately 32 vehicles with terms requiring average monthly payments of \$384, payable over 60 months. The leases expire in various years through 2020.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 10 – LEASE COMMITMENTS (CONTINUED)

Under the terms of all non-cancelable operating leases, the scheduled aggregate minimum lease payments as of June 30, 2015 were as follows:

2016	\$ 1,789,793
2017	1,654,836
2018	1,341,693
2019	1,017,097
2020	723,865
Thereafter	<u>133,056</u>
Total	<u>\$ 6,660,340</u>

NOTE 11 – IN-KIND CONTRIBUTIONS

The following is a summary of in-kind contributions which are recorded as revenue and related expenses in the combined financial statements for the year ended June 30, 2015:

	Revenues	Expenses	Capital Asset Acquisitions
Occupancy	\$ 66,503	\$ 66,503	\$ -
Student costs	44,087	44,087	-
Equipment	37,641	12,641	25,000
Special events	10,055	10,055	-
Total	<u>\$ 158,286</u>	<u>\$ 133,286</u>	<u>\$ 25,000</u>

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

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent unexpended cash and pledges received for under grants or other donations that are for specific program or grant purposes and uncollected pledges receivable. As of June 30, 2015, temporarily restricted net assets, by center location, consisted of the following:

Center	Funding Source	Amount
Alachua	Capital Campaign	\$ 14,868
	Plum Creek	4,233
	Pledge Fund	100,373

PACE Center for Girls, Inc. and Related Entities

Notes to Combined Financial Statements

Year ended June 30, 2015

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Broward	Capital Campaign – Building Fund	\$ 1,083,236	
	FDLE	3,094	
	GED	22,902	
	New day	13,834	
	Moran Scholarship	8,742	
	Students Costs Fund	3,481	
	Student Kitchen Project	56,200	
	Therapist Services	24,497	
	Collier	Arthrex	37,957
		Breakfast and Books	1,978
Capital Campaign		147,182	
Executive Women’s Golf Association		7,395	
Forum Scholarship Fund		2,841	
Health and Wellness		75,548	
League Club		4,288	
Martin Foundation		7,832	
Mimi Foundation		29,092	
Pledge Fund		34,157	
Miami-Dade	Spirited Girls	9,375	
	Stranahan Fund Transitional Service	3,977	
	Student Costs Fund	24,411	
	Trinity	3,355	
	Florida Blue Foundation	19,745	
	Miami Foundation	17,500	
	Student Costs	3,482	
	Escambia-Santa Rosa	Capital Campaign	232,240
		Bear Foundation	2,448
		Gannett Foundation	6,787
Health and Wellness		875	
Pledge Fund		165,356	
Student Costs		19,584	
Switzerland Scholarship		8,268	
Hillsborough		Pledge Fund	8,000
		Wells Fargo PACE Works	2,500
		Student Costs	6,331
	United Way of Hillsborough County	3,327	
Jacksonville	AT&T Pioneer Scholarships	1,901	
	Bank of America	754	
	Capital Campaign – Building Fund	551,372	
	Jaguars Obesity Clinic	1,905	

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Jacksonville (cont'd)	Mayo Clinic	\$ 10,000
	Murray Family Scholarship Fund	1,680
	Pilot Club	500
	Pledge Fund	219,228
	Straight Talk Health Clinic	207,944
	Student Costs	9,069
	Thompson Scholarship	116,645
	Transition Services	12,545
Lee	Capital Campaign	9,562
	Pledge Fund – Capital Campaign	7,350
	Pledge Fund	102,327
	Scholarships	16,854
	Student Costs	4,607
	Zonta	5,892
Leon	Pledge Fund	2,867
	Student Costs	1,397
	United Way of Leon County	1,490
Manatee	Capital Campaign	10,490
	Manatee County Teen Pregnancy Prevention	441
	Student Costs Fund	12,001
Marion	CNA Scholarship	500
	Pledge Fund	20,862
	Student Costs	4,781
	United Way of Marion County	3,370
Orange	Pledge Fund	7,100
	Fifth Third Literacy and Core Curriculum	2,000
Palm Beach	Jim Moran Foundation	4
	Jewish Women's Foundation	10,000
	Kavoras	22,628
	Pledge Fund	20,579
	Spirited Girls Foundation	24,640
	Spirited Girls Love Light	6,080
	Student Costs Fund	9,635
	Student Culinary Program	380
	Women's Executive Club	17,868
Pasco	Food Bank	982
	Duke Energy	6,822
	Express Employment Professionals	2,500
	United Way of Pasco County	4,760
Pinellas	Dillinger Scholarship Fund	29,748
	Duke Energy	6,643

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Pinellas (cont'd)	Eckerd Scholarships	\$ 26,085
	Pledge Fund	3,040
	Staff Support	3,086
Polk	Give Well Fund	3,518
	Pledge Fund	12,948
	Student Costs Fund	37
Headquarters	NoVo Foundation	337,799
	P Magnone Scholarship Fund	3,470
Treasure Coast	Alleghany Franciscan Monks	47,536
	Pledge Fund	6,200
	Children's Services Council	7,131
Volusia-Flagler	Capital Campaign	10,237
	YMCA	2,601
	Pledge Fund	500
Total temporarily restricted net assets		<u>\$ 4,196,182</u>

NOTE 13 – 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 \$162,263 for the year ended June 30, 2015.

NOTE 14 – 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 49% of total revenue and support of the Organization for the year ended June 30, 2015. Amounts receivable from the DJJ accounted for approximately 63% of total contracts and grants receivable of the Organization as of June 30, 2015. There is no guarantee that such funding will continue.

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 \$72,811 at June 30, 2015, is included in land, buildings, and equipment on the accompanying Combined Statement of Financial Position.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Year ended June 30, 2015**

NOTE 15 – 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 combined 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 combined financial position, changes in net assets, or cash flows of the Organization.

Financial instruments which potentially subject the Organization to a concentration of credit risk consist principally of cash and investments. At times, such cash and investments may be in excess of the FDIC insurance or SIPC insurance limits. The Organization does not believe it is exposed to any significant credit risk on these deposits.

The Organization places its cash and cash equivalents and investments with high credit quality institutions.

Supplementary Information

PACE Center for Girls, Inc. and Related Entities

Combining Schedule of Financial Position

June 30, 2015

	Pace Center for Girls, Inc.	Alachua - THC, Inc.	Pace Broward- THC, Inc.	PACE Collier- THC, Inc.	Pace- THC, Inc.	Eliminations	Total
Assets							
Current assets:							
Cash and cash equivalents	\$ 2,981,702	\$ 8,360	\$ -	\$ 4,189	\$ 19,423	\$ -	\$ 3,013,674
Investments	6,709,242	-	-	-	-	-	6,709,242
Contracts and grants receivable	3,984,052	-	-	-	-	-	3,984,052
Pledges receivable, current (net of reserves and discounts of \$197,825)	122,488	-	-	-	-	-	122,488
Due from affiliated entities	1,278,315	-	-	-	-	(1,278,315)	-
Prepaid expenses and other assets	328,013	-	-	-	-	-	328,013
Total current assets	15,403,812	8,360	-	4,189	19,423	(1,278,315)	14,157,469
Noncurrent assets							
Pledges receivable, long-term	588,399	-	-	-	-	-	588,399
Land, buildings, and equipment, net	3,674,427	770,305	1,515,581	4,714,688	1,387,072	-	12,062,073
Intangible assets, net	-	-	-	5,748	1,013	-	6,761
Total noncurrent assets	4,262,826	770,305	1,515,581	4,720,436	1,388,085	-	12,657,233
Total assets	\$ 19,666,638	\$ 778,665	\$ 1,515,581	\$ 4,724,625	\$ 1,407,508	\$ (1,278,315)	\$ 26,814,702
Liabilities and net assets							
Current liabilities:							
Accounts payable and accrued expenses	\$ 2,807,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,807,055
Due to affiliated entities	-	198,705	387,715	120,771	571,124	(1,278,315)	-
Deferred revenue	76,940	-	-	-	-	-	76,940
Line of credit	285,661	-	-	-	-	-	285,661
Notes payable, current	28,112	25,281	-	34,380	30,065	-	117,838
Total current liabilities	3,197,768	223,986	387,715	155,151	601,189	(1,278,315)	3,287,494
Long-term liabilities:							
Notes payable, long-term	134,388	397,384	-	24,209	48,857	-	604,838
Total liabilities	3,332,156	621,370	387,715	179,360	650,046	(1,278,315)	3,892,332
Net assets:							
Unrestricted	12,138,300	157,295	1,127,866	4,545,265	757,462	-	18,726,188
Temporarily restricted	4,196,182	-	-	-	-	-	4,196,182
Total net assets	16,334,482	157,295	1,127,866	4,545,265	757,462	-	22,922,370
Total liabilities and net assets	\$ 19,666,638	\$ 778,665	\$ 1,515,581	\$ 4,724,625	\$ 1,407,508	\$ (1,278,315)	\$ 26,814,702

PACE Center for Girls, Inc. and Related Entities

Combining Schedule of Activities Year Ended June 30, 2015

	Pace Center for Girls, Inc.	Alachua - THC, Inc.	Pace Broward- THC, Inc.	PACE Collier- THC, Inc.	Pace- THC, Inc.	Eliminations	Total
Unrestricted Support and Revenue							
Public grants - DJJ	\$ 15,643,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,643,145
Public grants - School Boards	6,793,127	-	-	-	-	-	6,793,127
Grants - other	1,641,872	-	-	-	-	-	1,641,872
Contributions	1,397,336	-	-	-	-	-	1,397,336
In-kind contributions	156,254	-	-	-	-	-	156,254
Special events	1,445,779	-	-	-	-	-	1,445,779
Interest and dividend income	175,661	26	-	10	74	-	175,771
Amortization of premiums on investments	(62,108)	-	-	-	-	-	(62,108)
Net realized and unrealized loss on investments	(113,944)	45,085	-	37,315	34,382	(116,782)	(113,944)
Rental income	-	-	-	-	-	-	-
Other income	85,212	-	-	-	-	-	85,212
Total unrestricted support and revenue	27,162,334	45,111	-	37,325	34,456	(116,782)	27,162,444
Net assets released from restriction	7,380,104	-	-	-	-	-	7,380,104
Expenses							
Program services	23,775,306	47,623	133,612	343,416	104,178	(116,782)	24,287,353
Management and general	5,824,022	-	-	-	-	-	5,824,022
Fundraising	1,744,800	-	-	-	-	-	1,744,800
Total expenses	31,344,128	47,623	133,612	343,416	104,178	(116,782)	31,856,175
Change in unrestricted net assets	3,198,310	(2,512)	(133,612)	(306,091)	(69,722)	-	2,686,373
Restricted Support and Revenue							
Grants - other	4,375,137	-	-	-	-	-	4,375,137
Contributions	310,202	-	-	-	-	-	310,202
In-kind contributions	2,032	-	-	-	-	-	2,032
Interest and dividend income	106,234	-	-	-	-	-	106,234
Net realized and unrealized loss on investments	(95,039)	-	-	-	-	-	(95,039)
Other income	10,024	-	-	-	-	-	10,024
Total restricted support and revenue	4,708,590	-	-	-	-	-	4,708,590
Net assets released from restriction	(7,380,104)	-	-	-	-	-	(7,380,104)
Change in temporarily restricted net assets	(2,671,514)	-	-	-	-	-	(2,671,514)
Change in total net assets	526,796	(2,512)	(133,612)	(306,091)	(69,722)	-	14,859
Net assets - beginning of the year, as restated	15,807,686	159,807	1,261,478	4,851,356	827,184	-	22,907,511
Net assets - end of the year	\$ 16,334,482	\$ 157,295	\$ 1,127,866	\$ 4,545,265	\$ 757,462	\$ -	\$ 22,922,370

PACE Center for Girls, Inc. and Related Entities

**Combining Schedule of Cash Flows
Year Ended June 30, 2015**

	Pace Center for Girls, Inc.	Alachua - THC, Inc.	Pace Broward- THC, Inc.	PACE Collier- THC, Inc.	Pace- THC, Inc.	Eliminations	Total
Cash flows from operating activities							
Change in net assets	\$ 526,796	\$ (2,512)	\$ (133,612)	\$ (306,091)	\$ (69,722)	-	\$ 14,859
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:							
Depreciation	412,887	26,173	133,612	315,427	94,162	-	982,261
Amortization	40,361	-	-	-	-	-	40,361
Amortization of intangibles	-	-	-	3,798	405	-	4,203
Loss on disposal of equipment	1,490	-	-	-	-	-	1,490
Unrealized loss on investments	208,983	-	-	-	-	-	208,983
In-kind contribution of capital assets	(25,000)	-	-	-	-	-	(25,000)
Bad debt expense	430,366	-	-	-	-	-	430,366
Amortization of premium/discount on investments, net	62,108	-	-	-	-	-	62,108
Change in:							
Contracts and grants receivable	(1,733,047)	-	-	-	-	-	(1,733,047)
Pledges receivable	(276,421)	-	-	-	-	-	(276,421)
Prepaid expenses and other assets	(380,163)	-	-	-	3,040	305,685	(71,438)
Accounts payable and accrued expenses	610,062	474	-	18,826	285,649	(305,685)	609,326
Deferred revenue	(130,730)	-	-	-	-	-	(130,730)
Net cash provided (used) by operating activities	(252,308)	24,135	-	31,960	313,534	-	117,321
Cash flows from investing activities							
Proceeds from sale of investments	3,041,027	-	-	-	-	-	3,041,027
Purchases of investments	(2,380,201)	-	-	-	-	-	(2,380,201)
Purchases of land, buildings, and equipment	(604,494)	-	-	-	(285,515)	-	(890,009)
Proceeds from sales of land, buildings, and equipment	4,815	-	-	-	-	-	4,815
Net cash (used) provided by investing activities	61,147	-	-	-	(285,515)	-	(224,368)
Cash flows from financing activities							
Proceeds from line of credit	285,661	-	-	-	-	-	285,661
Proceeds from notes payable	162,500	-	-	-	-	-	162,500
Principal repayments of notes payable	(45,418)	(24,110)	-	(31,950)	(27,939)	-	(129,417)
Net cash (used) provided by financing activities	402,743	(24,110)	-	(31,950)	(27,939)	-	318,744
Net change in cash	211,582	25	-	10	80	-	211,697
Cash and cash equivalents - beginning of the year	2,770,120	8,335	-	4,179	19,343	-	2,801,977
Cash and cash equivalents - end of the year	2,981,702	8,360	-	4,189	19,423	-	3,013,674
Supplemental disclosure of cash flow information:							
Cash paid for interest expense	\$ 670	\$ 19,501	\$ -	\$ 5,393	\$ 6,036	\$ -	\$ 31,600
In-kind contribution of capital assets	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000

Other Financial Information

PACE Center for Girls Inc. and Related Entities

**Schedule of Expenditures of Financial Awards
Year Ended June 30, 2015**

Federal/State Grantor/Pass-Through, Grantor/Federal Program/State Project FEDERAL PROGRAMS:	CFDA CFSA Number	Contract Number	Federal Expenditures	State Expenditures	Local Expenditures
CORPORATION FOR NATIONAL & COMMUNITY SERVICE <i>Passed through the Edna McConnell Clark Foundation</i> Social Innovation Fund	94-019	FY14-15	\$ 625,000	\$ -	\$ -
U.S. DEPARTMENT OF JUSTICE <i>Passed through FDLE and Broward County, FL</i> Edward Byrne Memorial Justice Program	16-738	2015-BARC-BYRNE/JAG-8252-00	55,080	-	-
U.S. DEPARTMENT OF HEALTH and HUMAN SERVICES <i>Passed through State Department Children and Families</i> Block Grants of Prevention and Treatment of Substance Abuse	93-959	2014-2015-DFC-BROW-JD260-23	25,402	-	-
U.S. DEPARTMENT OF AGRICULTURE <i>Passed through State Department of Education</i> National School Breakfast and Lunch Program	10.553/10.555	01-0374	418,594	-	-
U.S. DEPARTMENT OF EDUCATION <i>Passed through Alachua County School Board</i> Title 1 Grants to Local Educational Agencies	84-010	FYE 2015	8,416	-	-
<i>Passed through School Board of Broward County</i> Title 1 Grants to Local Educational Agencies	84-010	FYE 2015	25,000	-	-
<i>Passed through School Board of Marion County</i> Title 1 Grants to Local Educational Agencies	84-010	FYE 2015	589	-	-
<i>Passed through School Board of Leon County</i> Title 1 Grants to Local Educational Agencies	84-010	FYE 2015	18,105	-	-
<i>Passed through School Board of Leon County</i> Title 1 Grants to Local Educational Agencies	84-010	FYE 2015	16,630	-	-
			68,740	-	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT <i>Passed through the City of Tallahassee</i> Department of Community Improvement: Community Development Block Grants Community Development Block Grants	14-218 14-218	FYE 2014-2015 FYE 2013-2014	7,487 5,625	- -	- -
			13,112	-	-
Total Expenditures of Federal Awards			\$ 1,205,928	\$ -	\$ -

PACE Center for Girls Inc. and Related Entities

**Schedule of Expenditures of Financial Awards
Year Ended June 30, 2015**

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	\$ -	\$ 15,643,145	\$ -
LOCAL ASSISTANCE:					
<i>Passed through the City of Jacksonville, Florida</i> Jacksonville Children's Commission	N/A	7000-31	\$ -	\$ -	\$ 150,000
Other local grants					
Children's Services Council of St. Lucie	N/A	N/A 14-15	-	-	21,424
Children's Services Council of St. Lucie	N/A	N/A 13-14	-	-	34,751
Manatee Board of County Commissioners	N/A	TPP (13-14)	-	-	42,299
Manatee Board of County Commissioners	N/A	TPP (14-15)	-	-	137,763
Pinellas County Board of County Commissioners (JAG Grant)	N/A	FY 2014-2015	-	-	10,000
Juvenile Welfare Board of Pinellas County	N/A	FY 2014-2015	-	-	6,423
Juvenile Welfare Board of Pinellas County	N/A	FY 2014-2015	-	-	77,278
Leon County Board of County Commissioners	N/A	N/A 14-15	-	-	15,188
Leon County Board of County Commissioners	N/A	N/A 13-14	-	-	9,375
Children's Services Council of Broward County (3yr)	N/A	14-2813 (14-15)	-	-	91,379
Children's Services Council of Broward County (3yr)	N/A	14-2813 (13-14)	-	-	25,370
Volusia County Children and Family Services	N/A	CS2018 (14-15)	-	-	22,556
Volusia County Children and Family Services	N/A	CS2038 (13-14)	-	-	11,375
Total Expenditures of Local Assistance			-	-	655,181
Total Expenditures of Federal Awards, State and Local Assistance			\$ 1,205,928	\$ 15,643,145	\$ 655,181

See accompanying notes to schedule of financial awards.

PACE Center for Girls, Inc. and Related Entities

**Notes to Schedule of Expenditures of Financial Awards
Year ended June 30, 2015**

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 its related entities (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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 combined 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.

PACE Center for Girls, Inc. and Related Entities
Schedule of Source and Expenditure of City Grant Funds
Year ended June 30, 2015

CITY OF JACKSONVILLE PUBLIC SERVICE GRANTS

Receipt of City Funds

	City FY 2014-2015 Grant #7000-31
Amount of Award (per City budget ordinance)	\$ 150,000
Prior year carry forward funds	-
Actual funds received from City in last audit period	-
Actual amount received this audit period	<u>(131,732)</u>
Amount due to PACE	<u>\$ 18,268</u>

Expenditure of City Funds

City FY 2014-2015 Grant #700-31 - \$150,000

	Budget	Actual 7/1/2014 - 9/30/2014	Actual 10/1/2014 - 12/31/2014	Actual 1/1/2015 - 3/31/2015	Actual 4/1/2015 - 6/30/2015	Total Actual	Remaining Balance
Salaries	\$ 134,258	\$ 33,298	\$ 35,161	\$ 30,540	\$ 35,259	\$ 134,258	\$ -
Indirect cost	11,110	3,411	3,411	3,411	877	11,110	-
Transportation	4,632	-	-	-	4,632	4,632	-
Total	\$ 150,000	\$ 36,709	\$ 38,572	\$ 33,951	\$ 40,768	\$ 150,000	\$ -

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 combined financial statements.



Accountants
Consultants
Wealth Advisors

LBA Certified Public Accountants, PA

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

To the Board of Trustees of
PACE Center for Girls, Inc. and Related Entities
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 combined financial statements of PACE Center for Girls, Inc., PACE-THC, Inc., PACE BROWARD-THC, Inc., PACE COLLIER-THC Inc., and PACE ALACHUA-THC Inc., (not-for-profit organizations collectively referred to as the Organization) which comprise the combined statement of financial position as of June 30, 2015 and the related combined statements of activities, functional expenses and cash flows for the year then ended and have issued our report thereon dated September 4, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the combined 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 combined 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 combined 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 combined 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 combined 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.

LBA Certified Public Accountants, P.A.

September 4, 2015

LBA Certified Public Accountants, PA

**Independent Auditors' Report on Compliance For
Each Major Program and on Internal Control Over Compliance Required by
OMB Circular A-133 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.
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 Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's *State Projects Compliance Supplement*, that could have a direct and material effect on each of PACE's major federal programs or state projects for the year ended June 30, 2015. PACE'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 the requirements of laws, regulations, contracts and grants applicable to each of its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of PACE's major federal programs 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; OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards, OMB Circular A-133 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 a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about PACE'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 PACE'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 programs and state projects for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of PACE 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 PACE's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or a 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 OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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 PACE'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 OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

LBA Certified Public Accountants, P.A.

September 4, 2015

**PACE Center for Girls, Inc. and Related Entities
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Summary of Independent Auditors' Results

Financial Statement Section

Type of independent auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes <u>X</u> No
Significant deficiency(ies) identified, not considered to be material weakness(es)?	___ Yes <u>X</u> No
Control deficiency(ies) identified not considered to be significant deficiency(ies)?	___ Yes <u>X</u> No
Noncompliance material to financial statement noted?	___ Yes <u>X</u> No

Federal Awards and State Financial Assistance Section

Dollar Threshold used to determine Type A programs:	\$ 300,000 Federal	\$ 469,294 State
Auditee qualified as low-risk auditee for federal awards purposes?	<u>X</u> Yes ___ No	
Auditee qualified as low-risk auditee for state financial assistance purposes?	<u>X</u> Yes ___ No	
Type of auditors' report on compliance for major programs/projects:	<u>Unmodified</u>	
Internal control over compliance:		
Material weakness(es) identified?	___ Yes <u>X</u> No	
Significant deficiency (ies) identified not considered to be material weakness(es)?	___ Yes <u>X</u> No	
Control deficiency(ies) identified, not considered to be significant deficiency(ies)?	___ Yes <u>X</u> No	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section 501(a)) and Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i> ?	___ Yes <u>X</u> No	

**PACE Center for Girls, Inc. and Related Entities
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Summary of Auditors' Results (Continued)

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
94.019	Social Innovation Fund

Identification of major state projects:

<u>CFSA Number</u>	<u>Name of State Program</u>
80.007	Practical and Cultural Education (PACE) Center for Girls - Prevention and Victim Services

Financial Statement Findings Section

None.

Findings and Questioned Costs – Federal Award Programs

None.

Findings and Questioned Costs – State Financial Assistance Projects

None. In addition, the management letter required by Auditor General of the State of Florida Rule Section 10.656(3)(e) is not included in this report because there were no findings required to be reported.

The summary schedule of prior year findings was not presented, as there were no findings during the prior fiscal year audit.

