

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

Combined Financial Report

Years Ended June 30, 2016 and 2015

PACE Center for Girls, Inc. and Related Entities

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PACE Center for Girls, Inc. and Related Entities

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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 AT IMMOKALEE-THC, Inc., and PACE ALACHUA-THC, Inc., (not-for-profit organizations collectively referred to as the Organization), which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities, cash flows and functional expenses for the years 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 audits. We conducted our audits 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 auditors' 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, 2016 and 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, cash flows and temporary restricted funds on pages 20-25 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 26-28, and the schedule of source and expenditure of city grant funds on pages 29-30 are presented for the purpose of additional analysis as required by *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of 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 audits 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 16, 2016, 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 16, 2016

PACE Center for Girls, Inc. and Related Entities

Combined Statements of Financial Position

June 30, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 5,832,617	\$ 3,013,674
Investments	6,687,782	6,709,242
Contracts and grants receivable (net of allowance for doubtful accounts of \$71,755 and \$0)	2,582,032	3,984,052
Pledges receivable, current (net of reserves and discounts of \$43,569 and \$39,565)	273,014	280,748
Prepaid expenses and other assets	508,579	328,013
Total current assets	<u>15,884,024</u>	<u>14,315,729</u>
Noncurrent assets:		
Pledges receivable, long-term (net of reserves and discounts of \$249,001 and \$158,260)	335,764	430,139
Land, buildings and equipment, net	11,449,287	12,068,834
Total noncurrent assets	<u>11,785,051</u>	<u>12,498,973</u>
Total assets	<u>\$ 27,669,075</u>	<u>\$ 26,814,702</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,162,253	\$ 2,807,055
Deferred revenue	113,751	76,940
Line of credit	285,661	285,661
Notes payable, current	167,847	117,838
Total current liabilities	<u>3,729,512</u>	<u>3,287,494</u>
Long-term liabilities:		
Notes payable, long-term	685,194	604,838
Total liabilities	<u>4,414,706</u>	<u>3,892,332</u>
Net assets:		
Unrestricted	18,895,108	18,726,188
Temporarily restricted	4,359,261	4,196,182
Total net assets	<u>23,254,369</u>	<u>22,922,370</u>
Total liabilities and net assets	<u>\$ 27,669,075</u>	<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, 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
Total support and revenue	31,494,898	3,078,846	34,573,744
Net assets released from restrictions	2,915,767	(2,915,767)	-
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	34,241,745	-	34,241,745
Change in net assets	168,920	163,079	331,999
Net assets - beginning of the year	18,726,188	4,196,182	22,922,370
Net assets - end of the year	\$ 18,895,108	\$ 4,359,261	\$ 23,254,369

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	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 Statements of Cash Flows
Years Ended June 30, 2016 and 2015**

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 331,999	\$ 14,859
Adjustments to reconcile change in net assets to net cash changes in operating activities:		
Depreciation and amortization	1,128,509	1,026,825
Loss on disposal of equipment	18,514	1,490
Unrealized loss on investments	163,058	208,983
In-kind contribution of capital assets	-	(25,000)
Bad debt expense	294,777	430,366
Amortization of premiums on investments	15,993	62,108
Change in:		
Contracts and grants receivable	1,330,265	(1,733,047)
Pledges receivable	(120,913)	(276,421)
Prepaid expenses and other assets	(180,566)	(71,438)
Accounts payable and accrued expenses	355,198	609,326
Deferred revenue	36,811	(130,730)
Net cash change in operating activities	3,373,645	117,321
Cash flows from investing activities:		
Proceeds from sale of investments	7,528,836	3,041,027
Purchases of land, buildings, and equipment	(527,476)	(890,009)
Purchases of investments	(7,686,427)	(2,380,201)
Proceeds from sales of land, buildings, and equipment	-	4,815
Net cash change in investing activities	(685,067)	(224,368)
Cash flows from financing activities:		
Proceeds from notes payable	262,500	162,500
Proceeds from line of credit	-	285,661
Principal repayments of notes payable	(132,135)	(129,417)
Net cash change in financing activities	130,365	318,744
Net change in cash	2,818,943	211,697
Cash and cash equivalents - beginning of the year	3,013,674	2,801,977
Cash and cash equivalents - end of the year	\$ 5,832,617	\$ 3,013,674
Supplemental disclosure of cash flow information:		
Cash paid for interest expense	\$ 45,825	\$ 31,600
In-kind contribution of capital assets	\$ -	\$ 25,000

See accompanying notes to combined financial statements.

PACE Center for Girls, Inc. and Related Entities

**Combined 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	19,207,958	3,315,718	1,152,812	23,676,488
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	\$ 25,638,168	\$ 6,224,558	\$ 2,379,019	\$ 34,241,745

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	18,121,509	3,082,072	893,553	22,097,134
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
Uncollectible accounts	44,726	-	385,640	430,366
Interest	35,133	-	670	35,803
Other	24,949	35,310	5,631	65,890
Total expenses	\$ 24,287,353	\$ 5,824,022	\$ 1,744,800	\$ 31,856,175

See accompanying notes to combined financial statements.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 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-Flagler.

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 AT IMMOKALEE-THC, Inc. (PACE COLLIER AT IMMOKALEE-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 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 Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 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 grantor imposed restrictions and include all expenses and revenues, gains and losses that are not restricted by the grantor.

Temporarily restricted net assets include grants and gifts for which grantor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

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. As of June 30, 2016 and 2015, the Organization does not have any permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Combined Statements of Cash Flows and Financial Position, 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 \$71,755 and \$0 at June 30, 2016 and 2015, 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 Related Entities

Notes to Combined Financial Statements
Years Ended June 30, 2016 and 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 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 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 are 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 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 – 5 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, 2016 and 2015.

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.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

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 purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the Combined 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 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 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.

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 combined financial statements. Tax years that remain subject to examination by major tax jurisdictions are 2013 and forward. The Organization has no examinations in 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.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation

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

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.

Reclassifications

Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

Not-for-Profit Financial Accounting Standards Board Amendments

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 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.

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 balance sheet. 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 beginning January 2019.

The Organization is currently evaluating the alternative methods of adoption and the impact that it will have on its financial statements and related disclosures.

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.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are comprised of unconditional promises to give with collection periods through June 30, 2021. 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, pledges receivable are as follows:

	2016	2015
Receivable in less than one year	\$ 316,583	\$ 320,313
Receivable in one to five years	584,765	588,099
Receivable in more than five years	-	300
	901,348	908,712
Less: discounts to net present value	(74,726)	(76,766)
Less: allowance for doubtful accounts	(217,844)	(121,059)
Net pledges receivable	<u>\$ 608,778</u>	<u>\$ 710,887</u>

NOTE 3 – INVESTMENTS

Investments are summarized as follows at June 30:

	2016	2015
Mutual funds	\$ 3,490,716	\$ 3,095,088
U.S. Government treasury notes	1,651,269	1,929,538
U.S Government-backed mortgage-backed securities	1,033,683	1,356,023
Short-term federated government obligations	500,842	306,902
Other short-term investments	11,272	21,691
Total	<u>\$ 6,687,782</u>	<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 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.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

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, 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

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, 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	\$ 6,709,242	\$ -	\$ -	\$ 6,709,242

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
Years Ended June 30, 2016 and 2015**

NOTE 5 – LAND, BUILDINGS AND EQUIPMENT

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

	2016	2015
Land	\$ 1,915,578	\$ 1,915,578
Buildings	14,596,112	14,758,612
Furniture and equipment	1,819,241	1,946,850
Vehicles	550,548	432,694
Leasehold improvements	916,682	815,149
	19,798,161	19,868,883
Less: accumulated depreciation and amortization	(8,348,874)	(7,800,049)
Total	\$ 11,449,287	\$ 12,068,834

NOTE 6 – NOTES PAYABLE

Notes payable consisted of the following at June 30:

	2016	2015
Note payable (PACE ALACHUA-THC) dated January 5, 2013, 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 \$744,132.	\$ 397,433	\$ 422,665
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 plus 2% (2.45% at June 30, 2016), 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, 2016.	292,500	162,500
Unsecured promissory note payable (PACE) dated June 5, 2015 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 plus 2% (2.45% at June 30, 2016), 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, 2016.	90,000	-

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

NOTE 6 – NOTES PAYABLE (CONTINUED)

Mortgage payable (PACE-THC) dated November 27, 2007, for the Organization’s Manatee County facility. Monthly payments of \$2,865 include interest at the bank’s index rate plus 1.82% (6.61% at June 30, 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 \$273,227. The note is subject to various covenants, which the Organization was in compliance with at June 30, 2016.	\$	48,858	\$	78,923
Note payable (PACE COLLIER AT IMMOKALEE-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 AT IMMOKALEE-THC with a net book value of \$3,278,107. The note is subject to various covenants, which the Organization was in compliance with at June 30, 2016.		24,250		58,588
Total notes payable		853,041		722,676
Less: notes payable, current		(167,847)		(117,838)
Notes payable, long-term		<u>\$ 685,194</u>		<u>\$ 604,838</u>

Scheduled aggregate principal payments on the notes payable as of June 30, 2016 are as follows:

2017	\$	167,847
2018		129,615
2019		114,202
2020		115,639
2021		74,648
Thereafter		<u>251,090</u>
Total notes payable	\$	<u>853,041</u>

NOTE 7 – LOAN AGREEMENTS

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 at the maturity date. At June 30, 2016 and 2015, the Organization did not have any amounts outstanding on this line of credit.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

NOTE 7 – LOAN AGREEMENTS (CONTINUED)

The second line of credit in the amount of \$500,000 is available for the construction and expansion of the Manatee County center. The balance outstanding as of June 30, 2016 and 2015 was \$285,661 and \$285,661, respectively. As of June 30, 2016, the Organization has \$214,339 available for additional leasehold improvements to the Manatee County center facility. The Organization converted this line of credit to a promissory note in August 2016 with monthly principal payments of \$2,393 plus accrued interest at 2.45%.

During the fiscal years ended June 30, 2016 and 2015, the Organization borrowed \$325,000 and \$100,000 respectively on two of the lines for leasehold improvements to the Clay County and Pasco County centers. In June 2015, the Organization converted these borrowings to promissory notes as disclosed in Note 6.

The BOA Agreement carries an interest rate of the LIBOR Daily Floating Rate plus 2% (2.45% at June 30, 2016), 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, 2016 and 2015, the Organization was in compliance with the required covenants.

The Organization has an unsecured Commercial Draw Note dated June 23, 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 sixty months. Interest accrues at one month LIBOR rate plus 2.15% (2.62 % at June 30, 2016). After the Conversion Date, borrowings are subject to interest at the one month LIBOR rate plus 2.90%. As of June 30, 2016, no amounts had been drawn under the Fifth Third Agreement.

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:

	2016	2015
Rent based upon lease terms	\$ 1,924,728	\$ 1,538,389
In-kind contributions	66,503	66,503
Total	<u>\$ 1,991,231</u>	<u>\$ 1,604,892</u>

The Organization leases various office equipment ranging from \$26 to \$400 per month, expiring in various years through 2019.

The Organization leases approximately 31 vehicles with terms requiring average monthly payments of \$401, 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
Years Ended June 30, 2016 and 2015**

NOTE 8 – LEASE COMMITMENTS (CONTINUED)

Under the terms of all non-cancelable operating leases, the scheduled aggregate minimum lease payments as of June 30, 2016 were as follows:

2017	\$ 1,703,308
2018	1,521,814
2019	1,389,846
2020	1,129,380
2021	708,540
Thereafter	<u>207,500</u>
Total	<u>\$ 6,660,388</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 combined financial statements for the year ended June 30, 2016:

	Revenues	Expenses
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 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	<u>10,055</u>	<u>10,055</u>	-
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 Statements of Functional Expenses.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were \$4,359,261 and 4,196,182 at June 30, 2016 and 2015, respectively. These temporarily restricted net assets were primarily funds from various capital campaigns, outstanding pledges, as well as those unspent funds received with restrictions for various programmatic, social and academic services.

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 during the years ended June 30, 2016 and 2015 were \$2,915,767 and \$7,380,104, respectively.

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 \$224,894 and \$162,263, for the years ended June 30, 2016 and 2015, respectively.

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 52% and 49% of total revenue and support of the Organization for the years ended June 30, 2016 and 2015, respectively. Amounts receivable from the DJJ accounted for approximately 53% and 63% of total contracts and grants receivable of the Organization as of June 30, 2016 and 2015, respectively. 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 \$61,913 and \$72,811 at June 30, 2016 and 2015, respectively, is included in land, buildings and equipment on the accompanying Combined 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 combined financial statements.

PACE Center for Girls, Inc. and Related Entities

**Notes to Combined Financial Statements
Years Ended June 30, 2016 and 2015**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 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 and discounts 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	1,592,360	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 Related Entities

**Combining Schedule of Financial Position
June 30, 2015**

	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	\$ 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 \$39,565)	280,748	-	-	-	-	-	280,748
Due from affiliated entities	1,278,315	-	-	-	-	(1,278,315)	-
Prepaid expenses and other assets	328,013	-	-	-	-	-	328,013
Total current assets	15,562,072	8,360	-	4,189	19,423	(1,278,315)	14,315,729
Noncurrent assets:							
Pledges receivable, long-term (net of reserves and discounts of \$158,260)	430,139	-	-	-	-	-	430,139
Land, buildings, and equipment, net	3,674,427	770,305	1,515,581	4,720,436	1,388,085	-	12,068,834
Total noncurrent assets	4,104,566	770,305	1,515,581	4,720,435	1,388,085	-	12,498,973
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, 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)	89,177
Other income	89,177	-	-	-	-	-	89,177
Total unrestricted support and revenue	31,494,790	45,108	-	37,326	34,457	(116,783)	31,494,898
Net assets released from restriction	2,915,767	-	-	-	-	-	2,915,767
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)	-	168,920
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 Related Entities

**Combining Schedule of Activities
Year Ended June 30, 2015**

	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	\$ 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)	-	-	-	-	-	(113,944)
Rental income	-	45,085	-	37,315	34,382	(116,782)	-
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	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, 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 premiums on investments	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 Related Entities

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

	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							
Changes in net assets	\$ 526,796	\$ (2,512)	\$ (133,612)	\$ (306,091)	\$ (69,722)	\$ -	\$ 14,859
Adjustments to reconcile change in net assets to net change in operating activities:							
Depreciation and amortization	453,248	26,173	133,612	319,225	94,567	-	1,026,825
Loss on disposal of equipment	1,490	-	-	-	-	-	1,490
Net unrealized and realized 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 change in 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 change in 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 change in 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

PACE Center for Girls, Inc. and Related Entities

Temporary Restricted Funds
Year Ended June 30, 2016

Center	Funding Source	Amount	
Alachua	Capital Campaign	\$ 14,922	
	Pledge Fund	62,873	
	Spirited Girls - CAPP	1,948	
	Student Costs	1,447	
Broward	Capital Campaign - Building Fund	1,050,107	
	GED	18,173	
	Moran Scholarship	8,151	
	Scholarships	8,693	
	Student Costs	8,027	
	Student Kitchen Project	56,200	
	Therapist Services	71,080	
Clay	Student Costs	1,500	
Collier	Arthrex	36,006	
	Capital Campaign	142,956	
	Executive Women's Golf Association	6,774	
	Forum Scholarship Fund	3,841	
	Girls Special Needs	4,007	
	Health and Wellness	55,355	
	League Club	3,981	
	Mimi Foundation	20,226	
	Pledge Fund	73,750	
	Spirited Girls	14,361	
	Student Costs	28,194	
	Transition Services	72,814	
	Miami-Dade	Florida Blue Foundation	63,927
		Miami Batchelor Foundation	24,833
		Miami Foundation	1,805
Pledge Fund		1,167	
Spirited Girls		133,476	
Student Costs		1,383	
Escambia-Santa Rosa	Bear Foundation	12,784	
	Capital Campaign	227,282	
	Gannett Foundation	1,897	
	Girls Special Needs	300	
	Health and Wellness	875	
	PEO sisterhood	2,443	
	Pledge Fund	163,422	
	Student Costs	41,442	
	Student Support - Afternoon	2,434	

PACE Center for Girls, Inc. and Related Entities

Temporary Restricted Funds (Continued)
Year Ended June 30, 2016

Center	Funding Source	Amount
Hillsborough	Pledge Fund	\$ 11,000
	Reach Student and Family Support	1,000
	Student and Family Support	1,142
	Student Costs	5,196
	Wells Fargo PACE Works	23,662
	United Way of Hillsborough County	1,832
Jacksonville	AT&T Pioneer Scholarships	687
	Bank of America	754
	Capital Campaign - Building fund	488,245
	Hope Fund	95
	Jaguars Obesity Clinic	1,333
	Pledge Fund	169,847
	Straight Talk Health Clinic	97,130
	Student Costs	1,629
	Thompson Scholarship Fund	111,925
	Lee	Capital Campaign
	Pledge Fund	57,972
	Scholarships	16,746
	Student Costs	11,936
Leon	Pledge Fund	2,267
	United Way	2,009
Manatee	Bradenton Kiwanis	5,149
	Capital Campaign	40,648
	Pledge Fund	3,000
	Student Costs	8,606
Marion	CAN Scholarship	500
	Pledge Fund	6,768
	Student Costs	4,862
Orange	Atkins Foundation	8,000
	Fifth Third Literacy and Core Curriculum	2,000
	Pledge Fund	3,000
	Student Costs	1,147
	Spirited Girls	9,054
Palm Beach	Jewish Women's Foundation	11,762
	Kavoras	11,815
	Pledge Fund	7,580
	Student Culinary Program	148
	Student Costs	7,147

PACE Center for Girls, Inc. and Related Entities

Temporary Restricted Funds (Continued)
Year Ended June 30, 2016

Center	Funding Source	Amount
Pasco	Express Employment Professionals	\$ 1,500
	Duke Energy	5,090
	Food Bank	693
	United Way	927
	United Way of Pasco County	3,298
Pinellas	Community Foundation of Tampa Bay	5,034
	Dillinger Scholarship Fund	22,406
	Duke Energy	2,570
	Pledge Fund	520
	Staff Support	330
	Student Costs	8,944
	Academic Incentives	1,671
Polk	Capital Campaign	19,046
	Give Well Fund	14,950
	Pledge Fund	4,012
	Zion Incentives	1,374
	Student Costs	868
	Pledge Fund	1,600
Treasure Coast	Capital Campaign	10,390
Volusia-Flagler	Hunter Foundation	5,223
	Annie E. Casey Foundation	4,210
Headquarters	Andrus Family Foundation	176
	Listen For Good	11,255
	NoVo Fountation	581,247
	P Magnone Scholarship Fund	3,470
	Pledge Fund	40,000
Total temporarily restricted net assets		\$ <u>4,359,261</u>

Other Financial Information

PACE Center for Girls Inc. and Related Entities

Schedule of Expenditures of Financial Awards
Year Ended June 30, 2016

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 FDLE and Broward County, FL</i> Edward Byrne Memorial Justice Program <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 16.738	2016-BARC-BYRNE/JAG-8252-00 2016-BYRNE/JAG-JAGC-2686	\$ 43,782 10,000 53,782	\$ - -	\$ - -
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	479,303	-	-
U.S. DEPARTMENT OF EDUCATION <i>Passed through Alachua County School Board</i> Title I Grants to Local Educational Agencies <i>Passed through School Board of Collier County</i> Title I Grants to Local Educational Agencies <i>Passed through School Board of Leon County</i> Title I Grants to Local Educational Agencies <i>Passed through School Board of Leon County</i> Title I Grants to Local Educational Agencies	84.010 84.010 84.010 84.010	FYE 2016 FYE 2016 FYE 2016 FYE 2016	15,395 5,803 16,553 11,030 48,781	- - - -	- -
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 Spirited Girls Program and Reach Program	14.218 14.218	FYE 2014-2015 FYE 2015-2016	21,013 16,331 37,344	- -	- -
Total Expenditures of Federal Awards			\$ 619,210	\$ -	\$ -

PACE Center for Girls Inc. and Related Entities

**Schedule of Expenditures of Financial Awards (Continued)
Year Ended June 30, 2016**

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	\$ -	\$ 17,956,100	\$ -
LOCAL ASSISTANCE:					
<i>Passed through the City of Jacksonville, Florida</i> Jacksonville Children's Commission	N/A	7000-33	\$ -	\$ -	\$ 180,000
<i>Other local grants</i>					
Children's Services Council of St. Lucie	N/A	N/A (2014-2015)	-	-	25,222
Children's Services Council of St. Lucie	N/A	N/A (2015-2016)	-	-	53,040
Manatee Board of County Commissioners	N/A	TPP (2015-2016)	-	-	137,044
Manatee Board of County Commissioners	N/A	TPP (2014-2015)	-	-	46,513
Juvenile Welfare Board of Pinellas County	N/A	AGN295 (FY 2014-2015)	-	-	4,359
Juvenile Welfare Board of Pinellas County	N/A	AGN295 (FY 2015-2016)	-	-	21,587
Juvenile Welfare Board of Pinellas County	N/A	AGN295 (FY 2015-2016)	-	-	128,761
Lee County SW Florida Board of County Commissioners Department of Human Service	N/A	7344	-	-	22,408
Lee County Board of County Commissioners	N/A	N/A (2014-2015)	-	-	10,312
Leon County Board of County Commissioners	N/A	1326E (FY 2015-16)	-	-	12,066
Children's Services Council of Broward County	N/A	14-2813	-	-	46,409
Volusia County Children and Family Services	N/A	14-2813	-	-	90,283
Volusia County Children and Family Services	N/A	CS2018 (2014-2015)	-	-	7,791
Alachua County Board of County Commissioners - County Community Agency Partnership Program	N/A	CS2038 (2013-2014)	-	-	26,312
Total Expenditures of Local Assistance		REA: 16-198	-	-	25,085
Total Expenditures of Federal Awards, State and Local Assistance			\$ 619,210	\$ 17,956,100	\$ 837,192

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, 2016**

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 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 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.

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 Related Entities

**Schedule of Source and Expenditure of City Grant Funds
Years ended June 30, 2016 and 2015**

CITY OF JACKSONVILLE PUBLIC SERVICE GRANTS

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	<u>(112,828)</u>
Amount due to PACE	<u>\$ 61,172</u>

Expenditure of City Funds

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

	Budget 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	<u>\$ 180,000</u>	<u>\$ 30,124</u>	<u>\$ 39,486</u>	<u>\$ 43,218</u>	<u>\$ 67,172</u>	<u>\$ 180,000</u>	<u>\$ -</u>

PACE Center for Girls, Inc. and Related Entities

**Schedule of Source and Expenditure of City Grant Funds (Continued)
Years ended June 30, 2016 and 2015**

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	(18,268)
Actual amount received this audit period	<u>(131,732)</u>
Amount due to PACE	<u>\$ -</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	<u>\$ 150,000</u>	<u>\$ 36,709</u>	<u>\$ 38,572</u>	<u>\$ 33,951</u>	<u>\$ 40,768</u>	<u>\$ 150,000</u>	<u>\$ -</u>

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.

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 AT IMMOKALEE-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, 2016 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 16, 2016.

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 16, 2016



Accountants
Consultants
Wealth Advisors

LBA Certified Public Accountants, PA

**Independent Auditors' Report on Compliance For
Each Major Program and on Internal Control Over Compliance Required by
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 Related Entities
Jacksonville, Florida

Report on Compliance for State Project

We have audited PACE Center for Girls, Inc. (PACE), compliance with the types of compliance 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, 2016. PACE's major 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 state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of PACE's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards 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 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 state project. However, our audit does not provide a legal determination of PACE's compliance.

Opinion of Each Major 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 state projects for the year ended June 30, 2016.

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 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 state project and to test and report on internal control over compliance in accordance with 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 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 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 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 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 16, 2016

PACE Center for Girls, Inc. and Related Entities

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

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?	<u> </u> Yes	<u> X </u> No	
Significant deficiency(ies) identified, not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> No	
Control deficiency(ies) identified not considered to be significant deficiency(ies)?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statement noted?	<u> </u> Yes	<u> X </u> No	

State Financial Assistance Section

Dollar Threshold used to determine Type A programs:	<u>\$ 538,683</u>		
Auditee qualified as low-risk auditee for state financial assistance purposes?	<u> X </u> Yes	<u> </u> No	
Type of auditors' report on compliance for major projects:	<u>Unmodified</u>		
Internal control over compliance:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> No	
Control deficiency(ies) identified, not considered to be significant deficiency(ies)?	<u> </u> Yes	<u> X </u> No	
Any audit findings disclosed that are required to be reported in accordance Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i> ?	<u> </u> Yes	<u> X </u> No	

PACE Center for Girls, Inc. and Related Entities

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

Summary of Independent Auditors' Results (Continued)

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.

PACE Center for Girls, Inc. and Related Entities

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

Findings and Questioned Costs – State Financial Assistance Projects

None.

The management letter required by Auditor General of the State of Florida Rule Section 10.656(3)(e) was not required to be presented in the current year.

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