

Pace Center for Girls, Inc. and Affiliates

**Consolidated Financial Statements
and Supplementary Information**

June 30, 2020 and 2019

Pace Center for Girls, Inc. and Affiliates
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June 30, 2020 and 2019

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Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pace Center for Girls, Inc. and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019 and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pace Center for Girls, Inc. and Affiliates as of June 30, 2020 and 2019 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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on Pages 23 through 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by *Chapter 10.650, Rules of the State of Florida Auditor General*, is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020 on the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Warren Averett, LLC

Tampa, Florida
September 29, 2020

Consolidated Financial Statements

Pace Center for Girls, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,692,414	\$ 5,957,604
Investments	6,674,107	7,821,005
Contracts and grants receivable	5,105,505	3,867,973
Pledges receivable - current (net of reserves of \$36,512 and \$25,367)	318,599	238,695
Prepaid expenses and other assets	805,540	557,412
Total current assets	15,596,165	18,442,689
Noncurrent Assets		
Pledges receivable - long-term (net of reserves and discounts of \$67,563 and \$94,669)	610,761	404,430
Property and equipment, net	19,988,398	16,014,976
Total noncurrent assets	20,599,159	16,419,406
Total Assets	\$ 36,195,324	\$ 34,862,095
Liabilities and Net Assets		
Current Liabilities		
Notes payable - current	\$ 468,643	\$ 415,259
Accounts payable and accrued expenses	5,080,326	5,097,134
Deferred revenue	326,608	259,760
Total current liabilities	5,875,577	5,772,153
Noncurrent Liabilities		
Notes payable, noncurrent, net of unamortized loan costs	6,756,043	5,037,389
Total Liabilities	12,631,620	10,809,542
Net Assets		
Without donor restrictions	20,292,046	18,957,091
With donor restrictions	3,271,658	5,095,462
Total net assets	23,563,704	24,052,553
Total Liabilities and Net Assets	\$ 36,195,324	\$ 34,862,095

See accompanying notes to the consolidated financial statements.

Pace Center for Girls, Inc. and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total All Classes
Support and Revenue			
Public grants - Florida Department of Juvenile Justice	\$ 22,252,824	\$ -	\$ 22,252,824
Public grants - School Boards	8,330,899	-	8,330,899
Grants - other	572,767	2,459,597	3,032,364
Contributions	6,908,998	2,194,803	9,103,801
In-kind contributions	337,485	-	337,485
Special events	1,487,149	-	1,487,149
Interest and dividend income	103,197	20,019	123,216
Net realized and unrealized gain on investments	265,458	-	265,458
Other	124	-	124
Total support and revenue	40,258,901	4,674,419	44,933,320
Net assets released from restrictions	6,498,223	(6,498,223)	-
Expenses			
Program services	37,709,438	-	37,709,438
Management and general	4,683,608	-	4,683,608
Fundraising	3,029,123	-	3,029,123
Total expenses	45,422,169	-	45,422,169
Change in net assets	1,334,955	(1,823,804)	(488,849)
Net assets, beginning of year	18,957,091	5,095,462	24,052,553
Net assets, end of year	\$ 20,292,046	\$ 3,271,658	\$ 23,563,704

See accompanying notes to the consolidated financial statements.

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

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

See accompanying notes to the consolidated financial statements.

Pace Center for Girls, Inc. and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (488,849)	\$ (905,888)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,111,087	1,531,124
Unrealized (gain) loss on investments	(338,159)	301,755
Bad debt expense on pledges receivable	146,341	66,509
Changes in:		
Contracts and grants receivable	(1,237,532)	1,363,447
Pledges receivable	(432,576)	(115,492)
Prepaid expenses and other assets	(248,128)	(113,962)
Accounts payable and accrued expenses	(16,808)	405,155
Deferred revenue	66,848	(20,022)
Net cash (used in) provided by operating activities	<u>(1,437,776)</u>	<u>2,512,626</u>
Cash flows from investing activities		
Proceeds from sale of investments	7,172,073	6,599,453
Purchases of property and equipment	(5,084,509)	(5,660,651)
Purchases of investments	(5,687,016)	(7,094,583)
Net cash used in investing activities	<u>(3,599,452)</u>	<u>(6,155,781)</u>
Cash flows from financing activities		
Proceeds from notes payable	2,460,143	4,099,780
Repayments of lines of credit	-	(836,494)
Principal repayments of notes payable	(593,619)	(305,280)
Payment of loan issuance costs	(94,486)	-
Net cash provided by financing activities	<u>1,772,038</u>	<u>2,958,006</u>
Net change in cash and cash equivalents	(3,265,190)	(685,149)
Cash and cash equivalents - beginning of the year	5,957,604	6,642,753
Cash and cash equivalents - end of the year	<u>\$ 2,692,414</u>	<u>\$ 5,957,604</u>
Supplemental disclosure of cash flow information		
Cash paid for interest expense	<u>\$ 260,869</u>	<u>\$ 126,242</u>

See accompanying notes to the consolidated financial statements.

Pace Center for Girls, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 22,647,447	\$ 2,243,517	\$ 1,492,677	\$ 26,383,641
Payroll taxes and employee benefits	5,860,311	179,481	257,607	6,297,399
Employee training and recruiting	292,310	379,283	32,262	703,855
Contracted personnel	254,683	59,507	43,883	358,073
	<u>29,054,751</u>	<u>2,861,788</u>	<u>1,826,429</u>	<u>33,742,968</u>
Occupancy	2,634,565	328,706	-	2,963,271
Telecommunication	969,475	257,403	44	1,226,922
Equipment	963,719	307,270	108,118	1,379,107
Vehicle	293,089	56,320	-	349,409
Business and property insurance	133,750	283,240	-	416,990
Professional fees	164,082	345,652	283,804	793,538
Materials and supplies	206,447	25,453	26,948	258,848
Outreach and community engagement	158,271	32,001	43,121	233,393
Student costs	1,494,960	-	14,657	1,509,617
Travel	411,047	-	22,900	433,947
Special events	-	-	554,334	554,334
Depreciation and amortization	944,423	166,664	-	1,111,087
Uncollectible accounts	-	-	146,341	146,341
Interest	260,444	-	-	260,444
Other	20,415	19,111	2,427	41,953
Total Expenses	<u><u>\$ 37,709,438</u></u>	<u><u>\$ 4,683,608</u></u>	<u><u>\$ 3,029,123</u></u>	<u><u>\$ 45,422,169</u></u>

See accompanying notes to the consolidated financial statements.

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

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

See accompanying notes to the consolidated financial statements.

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

1. Nature of Organization

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

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

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

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

Pace continues to act on its goal of serving more girls in critical need through expansion, most recently with its first expansion out Florida into Macon-Bibb County, Georgia. Pace began work within Macon-Bibb establishing relationships through a Girls Coordinating Council (GCC). The GCC, initially convened by Pace, has 22 members representing organizations across Macon who identified four focus areas for their work: teen pregnancy, mental health, illegal behavior, and victimization. Pace expanded its school-based counseling services to a second high school in Macon and offers individual and group counseling. Pace’s Girls Circle continues to serve girls in the youth detention center in Macon, and it launched a diversion program in which girls who are facing likely incarceration are offered a chance to enroll in counseling instead.

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

Pace, Pace-THC, Pace Broward-THC, Pace Collier at Immokalee-THC, AND Pace Alachua-THC are collectively referred to herein as the “Organization.”

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

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

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and activities of Pace, Pace-THC, Pace Broward-THC, Pace Collier at Immokalee-THC, and Pace Alachua-THC, collectively referred to herein as the "Organization." All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

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

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. 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 other securities is greater than or less than the par value of such individual securities, the difference is calculated and recorded as a premium or discount from par value of the related security, amortized over the remaining life of the individual security and recorded as an increase or reduction of unrestricted support and revenue in the accompanying consolidated statements of activities of the Organization. The net unrealized increase or decrease in fair value is recognized in the accompanying consolidated statements of activities. The objective of the Organization's investment policy is to ensure the safety of investment principal, provide for liquidity, and maximize investment income. Investment options include treasury bills, notes and bonds, commercial paper, certificates of deposit, money market accounts, full faith or general faith obligations and credit obligations of the U.S. Government agency securities, equity, balanced, and diversified mutual funds with readily available market values and liquidity. The Finance Committee of the Organization continues to assess investments with a goal of ensuring the safety of the principal by investing with high-quality financial institutions.

Contracts and Grants Receivable

Contracts and grants receivable are stated net of an allowance for doubtful accounts. Management evaluates total contracts and grants receivable and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. The allowances for doubtful accounts were zero at June 30, 2020 and 2019. The Organization does not charge interest on past due contracts or grant receivables.

Pledges Receivable

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

Property and Equipment

Property and equipment are recorded at historical cost, or fair value at the date of donation. Land, land improvements, buildings, building improvements, computers, furniture, equipment, and vehicles in excess of \$2,500 are capitalized. Depreciation is computed using the straight-line method over the useful lives of the related assets, ranging generally from 3 to 40 years. Leasehold improvements are amortized over their estimated useful lives, which do not exceed the related lease terms, using the straight-line method.

Impairment of Long-lived Assets

The Organization reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the asset or asset group to the undiscounted cash flows that the asset or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount, if any, exceeds its fair value. No impairments were deemed to exist at June 30, 2020 and 2019.

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Loan Costs

Debt issuance costs are presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. Deferred loan costs are amortized over the 5 or 10-year life of the related loan on a straight line basis, which approximates the effective interest method. Total amortization during the years ended June 30, 2020 and 2019 was \$9,534 and \$0, respectively, and is included within interest expense on the consolidated statements of activities.

Contributions Received In-Kind

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

Contribution of Services

Contributed services are recognized and recorded at fair value only to the extent they create and enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services during 2020 and 2019.

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

Public Grants and Grants - Other

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

Special Events

The Organization recognizes special events revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, the core principle of which is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. To achieve this core principle, five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as the Organization satisfies a performance obligation.

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Special events revenue is recognized at the point in time when events take place. There are no variable consideration amounts and no significant financing components associated with special events. The Organization considers special events to be ongoing major activities; therefore, the gross revenue is reported on the consolidated statements of activities. Expenses related to the special events are reported on the consolidated statements of functional expenses according to the program or supporting service benefitted.

Income Taxes

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

The Organization evaluates its tax positions for any uncertainties based on the technical merits of the positions taken in accordance with authoritative guidance. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld upon examination by taxing authorities. The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2020 and 2019, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements.

Functional Expense Allocation

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

Impact of Recently Issued Accounting Pronouncements

Grants and Contributions

During the year ended June 30, 2020, the Organization adopted FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 requires that unconditional contributions (those that do not include a measurable performance-related or other barrier, or those in which the Organization has limited discretion over how the contribution should be spent) are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions that include a measurable barrier or those for which the Organization has limited discretion over how the contributions should be spent are recorded as conditional contributions. Conditional contributions are not recognized until they have become unconditional; that is, when the conditions surrounding the indications of the barrier have been met. The adoption of ASU No. 2018-08 did not have a material impact on the Organization's financial statements.

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Revenue

Effective July 1, 2019, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method. This guidance provides a five-step process to determine when and how revenue is recognized. The core principle of the guidance is that an entity should recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods or services. This update also results in enhanced disclosures about revenue, providing guidance for transactions that were not previously addressed comprehensively, and improving guidance for multiple-element arrangements. There was no material effect on the Organization's financial statements as the adoption of ASU No 2014-09 did not result in a change of timing of the Organization's revenue recognition.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their statement of financial position. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. As amended, the standard is effective fiscal years beginning after December 15, 2021. Management is evaluating the impact of this ASU on the Organization's financial reporting.

3. Pledges Receivable

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

<i>Years ended June 30,</i>	2020	2019
Receivable in less than one year	\$ 355,111	\$ 264,062
Receivable in one to five years	678,324	499,099
	1,033,435	763,161
Less: discounts to net present value	(53,095)	(46,723)
Less: allowance for doubtful accounts	(50,980)	(73,313)
Net pledges receivable	\$ 929,360	\$ 643,125

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

4. Investments and Fair Value Measurements

Investments are summarized as follows:

<i>Years ended June 30,</i>	2020	2019
Mutual Funds	\$ 3,136,842	\$ 3,249,685
Fixed income funds	1,464,977	1,796,409
Government agencies	802,581	1,293,864
Other short-term investments	210,351	869,373
Corporate bonds	992,444	416,325
Real estate	66,912	195,349
Total	\$ 6,674,107	\$ 7,821,005

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

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

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in the active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If that asset or liability has a specified (contractual) term, the level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a summary of the levels within the fair value hierarchy for the Organization's assets measured at fair value on a recurring basis as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 3,136,842	\$ -	\$ -	\$ 3,136,842
Fixed income funds	1,464,977	-	-	1,464,977
Government agencies	802,581	-	-	802,581
Other short-term investments	210,351	-	-	210,351
Corporate bonds	992,444	-	-	992,444
Other	66,912	-	-	66,912
Total	\$ 6,674,107	\$ -	\$ -	\$ 6,674,107

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

4. Investments and Fair Value Measurements (continued)

The following is a summary of the levels within the fair value hierarchy for the Organization's assets measured at fair value on a recurring basis as of June 30, 2019:

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

There were no transfers between Level 1, Level 2, or Level 3 investments during the years ended June 30, 2020 and 2019.

5. Property and Equipment

Property and equipment consist of the following:

<i>Years ended June 30,</i>	2020	2019
Buildings and improvements	\$ 25,030,428	\$ 21,077,060
Land and improvements	3,545,162	3,049,487
Furniture and equipment	1,987,950	3,160,665
Vehicles	515,356	515,355
Construction in progress	981,266	313,026
Leasehold improvements	135,755	135,755
	\$ 32,195,917	\$ 28,251,348
Less: accumulated depreciation and amortization	(12,207,519)	(12,236,372)
Total	\$ 19,988,398	\$ 16,014,976

Depreciation expense amounted to \$1,111,087 and \$1,531,124 for the years ended June 30, 2020 and 2019, respectively.

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

6. Notes Payable

Notes payable consist of the following:

<i>Years ended June 30,</i>	2020	2019
Fixed rate term loan dated November 7, 2018 for the Organization's National Office in Jacksonville, Florida. Monthly payments of \$14,114 including interest at 4.87%, with a maturity date of November 1, 2023.	\$ 1,665,898	\$ 1,750,494
Fixed rate term loan dated November 7, 2018 for the Organization's Broward County facility. Monthly payments of \$11,761 including interest at 4.87%, with a maturity date of November 1, 2023. The note is secured by the land and building of Pace Broward-THC, with a net book value of \$961,235.	1,388,272	1,458,745
Mortgage payable restated on November 7, 2018 (formerly dated April 21, 2017) for the Organization's Leon County facility. Monthly payments of \$6,164 including interest at 4.55%, with a maturity date of April 21, 2028. The note is secured by the land and building of Pace-THC, with a net book value of \$1,131,684.	1,157,873	1,177,769
Variable rate term loan restated on November 7, 2018 (formerly dated December 8, 2016) for the construction and expansion of the Organization's Leon County facility. Monthly installment payments of \$9,322 plus accrued interest at the 30-day LIBOR plus 1.75% (1.92% and 4.16% at June 30, 2020 and 2019, respectively), with a maturity date of November 8, 2022.	270,339	382,203
Fixed rate term loan dated November 7, 2018 for the Organization's Alachua County facility. Monthly payments of \$2,689 including interest at 4.87%, with a maturity date of November 1, 2023.	317,496	333,613
Variable rate term loan restated November 7, 2018 (formerly dated July 5, 2016) for the Organization's Manatee County facility. Monthly installment payments of \$3,000 are applied first to the payment of interest accrued with the balance applied to principal. The monthly payments including interest at the LIBOR daily floating rate plus 2% (2.17% and 4.40% at June 30, 2020 and 2019, respectively). Paid in full during 2020.	-	205,657

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

6. Notes Payable (continued)

<i>Years ended June 30,</i>	2020	2019
Variable rate term loan restated November 7, 2018 (formerly dated June 5, 2015) for the Organization's Clay County facility. Monthly principal payments of \$5,417 plus accrued interest at the LIBOR daily floating rate plus 2% (2.17% and 4.40% at June 30, 2020 and 2019, respectively), with a maturity date of December 8, 2020.	32,501	97,500
Variable rate term loan restated November 7, 2018 (formerly dated July 5, 2016) for the Organization's Pasco County facility. Installment payments of \$1,667 plus accrued interest are due monthly. The monthly payments include interest at the LIBOR daily floating rate plus 2% (2.17% and 4.40% at June 30, 2020 and 2019, respectively), with a maturity date of July 5, 2020.	26,667	46,667
Mortgage payable dated March 13, 2020 for the Organization's Palm Springs facility. Monthly payments of \$22,320 including interest at 4.15%, with a maturity date of April 1, 2030. The note is secured by the land and building of Pace Broward-THC, with a net book value of \$2,575,700.	2,460,143	-
Total notes payable	7,319,189	5,452,648
Less: notes payable, current	(468,643)	(415,259)
Less: loan costs	(94,503)	-
Notes payable, long-term	\$ 6,756,043	\$ 5,037,389

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

<i>June 30,</i>	2020
2021	\$ 468,643
2022	519,445
2023	377,989
2024	2,988,721
2025	194,872
Thereafter	2,769,519
Total notes payable	\$ 7,319,189

The notes require the Organization to comply with certain covenants and reporting requirements. The Organization was in compliance with those covenants as of and for the years ended June 30, 2020 and 2019.

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

7. Lease Commitments

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

<i>Years ended June 30,</i>	2020	2019
Rent based upon lease terms	\$ 1,651,418	\$ 1,945,706
In-kind contributions	66,503	66,503
Total	\$ 1,717,921	\$ 2,012,209

In addition, the Organization leases various office equipment and vehicles under non-cancelable operating leases expiring at various dates through February 2024. Lease expense under these operating leases was \$354,304 and \$351,155 for the years ended June 30, 2020 and 2019, respectively.

Under the terms of all non-cancelable operating leases, the scheduled aggregate minimum lease payments as of June 30, 2020 were as follows:

2021	\$ 1,313,796
2022	616,511
2023	499,201
2024	334,698
2025	200,582
Thereafter	84,391
Total	\$ 3,049,179

8. In-Kind Contributions

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

<i>Years ended June 30,</i>	2020	2019
Student costs	\$ 147,428	\$ 121,600
Special events	111,929	93,348
Occupancy	66,503	66,503
Other	11,625	14,374
Total	\$ 337,485	\$ 295,825

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

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

9. Net Assets with Donor Restrictions

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

<i>Years ended June 30,</i>	2020	2019
Program services	\$ 847,220	\$ 1,462,255
Therapist services	429,492	1,191,363
Capital campaign	509,153	1,170,773
Time restrictions: pledge funds	929,360	643,125
Grants, student support and other	241,813	344,822
Scholarships	222,348	191,180
Transition services	92,272	91,944
Total	\$ 3,271,658	\$ 5,095,462

10. Liquidity and Availability

At June 30, 2020 and 2019, the Organization has the following amounts available to cover general expenditures:

<i>Years ended June 30,</i>	2020	2019
Total financial assets	\$ 9,366,521	\$ 13,778,609
Restricted funds	3,271,658	5,095,462
Net financial assets available to meet cash needs for general expenditures within one year	\$ 6,094,863	\$ 8,683,147

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions that are designated for activities related to ongoing, major, and central operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a standard operating procedure to maintain current financial assets less current liabilities at a minimum of three months of expenses. The Organization forecasts its future cash flows and monitors its liquidity quarterly and its reserves annually. During the years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within these requirements.

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

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 \$389,129 and \$354,400, for the years ended June 30, 2020 and 2019, respectively.

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 49% and 48% of total revenue and support of the Organization for the years ended June 30, 2020 and 2019, respectively. Amounts receivable from the DJJ accounted for approximately 41% and 51% of total contracts and grants receivable of the Organization as of June 30, 2020 and 2019, respectively.

In addition, title to all property and equipment acquired with DJJ funding vests with DJJ upon completion or termination of the related contracts. Property and equipment vested with DJJ, with a net book value of \$717,815 and \$405,951 at June 30, 2020 and 2019, respectively, is included in property and equipment on the accompanying consolidated statements of financial position.

13. Commitments and Contingencies

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

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

Pace Center for Girls, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

14. Subsequent Events and Other Operational Matters

Events occurring after June 30, 2020, the date of the most recent financial statements, have been evaluated for possible adjustments to the financial statements or disclosures through September 29, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19, a novel strain of coronavirus, appears to be altering the behavior of business and people in a manner that is having negative effects on local, regional, and global economies.

In March 2020, Pace Center for Girls began providing all academic classes and counseling services to girls in a remote learning environment. Pace deployed more than 1,700 laptops and internet hot spots to ensure access to resources for all girls and Pace teachers and counselors were provided with resources to quickly adapt to Florida's stay-at-home order. All girls at Pace are within a 'vulnerable population' as defined by the Florida Department of Education (medically vulnerable, with a disability, English language learner, migrant student, low income, or struggling with academic achievement). From April through June 2020, Pace teachers and counselors averaged seven academic and counseling services per week with more than 90% of girls in the program, continuing gains in academic and social-emotional learning. Due to the ability to shift to a remote learning environment as necessary, management does not anticipate the COVID-19 pandemic to have a material impact on operations.

Supplementary Information

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2020

	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	\$ 2,692,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,692,414
Investments	6,674,107	-	-	-	-	-	6,674,107
Contracts and grants receivable	5,105,505	-	-	-	-	-	5,105,505
Pledges receivable - current (net of reserves of \$36,512)	318,599	-	-	-	-	-	318,599
Due from affiliated entities	406,832	-	827,251	-	-	(1,234,083)	-
Prepaid and other assets	805,540	-	-	-	-	-	805,540
Total current assets	16,002,997	-	827,251	-	-	(1,234,083)	15,596,165
Noncurrent assets							
Pledges receivable - long-term (net of reserves and discounts of \$67,563)	610,761	-	-	-	-	-	610,761
Property and equipment, net	8,369,724	647,750	3,498,003	3,289,429	4,183,492	-	19,988,398
Total noncurrent assets	8,980,485	647,750	3,498,003	3,289,429	4,183,492	-	20,599,159
Total Assets	\$ 24,983,482	\$ 647,750	\$ 4,325,254	\$ 3,289,429	\$ 4,183,492	\$ (1,234,083)	\$ 36,195,324

See independent auditors' report.

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2020

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Liabilities and Net Assets							
Current Liabilities							
Notes payable - current	\$ 260,118	\$ 16,976	\$ 170,643	\$ -	\$ 20,906	\$ -	\$ 468,643
Accounts payable and accrued expenses	5,080,326	-	-	-	-	-	5,080,326
Due to affiliated entities		163,696		112,064	958,323	(1,234,083)	-
Deferred revenue	326,608	-	-	-	-	-	326,608
Total current liabilities	5,667,052	180,672	170,643	112,064	979,229	(1,234,083)	5,875,577
Noncurrent Liabilities							
Notes payable, noncurrent, net of unamortized loan costs	1,664,821	300,520	3,653,735	-	1,136,967	-	6,756,043
Total Liabilities	7,331,873	481,192	3,824,378	112,064	2,116,196	(1,234,083)	12,631,620
Net Assets							
Without donor restrictions	14,379,951	166,558	500,876	3,177,365	2,067,296	-	20,292,046
With donor restrictions	3,271,658	-	-	-	-	-	3,271,658
Total net assets	17,651,609	166,558	500,876	3,177,365	2,067,296	-	23,563,704
Total Liabilities and Net Assets	\$ 24,983,482	\$ 647,750	\$ 4,325,254	\$ 3,289,429	\$ 4,183,492	\$ (1,234,083)	\$ 36,195,324

See independent auditors' report.

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Activities
For the Year Ended June 30, 2020

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Unrestricted Support and Revenue							
Public grants - Florida Department of Juvenile Justice	\$ 22,252,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,252,824
Public grants - School Boards	8,330,899	-	-	-	-	-	8,330,899
Grants - other	572,767	-	-	-	-	-	572,767
Contributions	6,908,998	-	-	-	-	-	6,908,998
In-kind contributions	337,485	-	-	-	-	-	337,485
Special events	1,487,149	-	-	-	-	-	1,487,149
Interest and dividend income	103,187	1	-	4	5	-	103,197
Net realized and unrealized gain on investments	265,458	-	-	-	-	-	265,458
Other (loss)/income	124	32,273	194,996	-	73,966	(301,235)	124
Net assets released from restriction	6,498,223	-	-	-	-	-	6,498,223
Total unrestricted support and revenue	46,757,114	32,274	194,996	4	73,971	(301,235)	46,757,124
Expenses							
Program services	37,418,623	34,020	287,469	101,546	169,015	(301,235)	37,709,438
Management and general	4,683,608	-	-	-	-	-	4,683,608
Fundraising	3,029,123	-	-	-	-	-	3,029,123
Total expenses	45,131,354	34,020	287,469	101,546	169,015	(301,235)	45,422,169
Change in net assets without donor restrictions	1,625,760	(1,746)	(92,473)	(101,542)	(95,044)	-	1,334,955

See independent auditors' report.

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Activities
For the Year Ended June 30, 2020

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Restricted Support and Revenue							
Public grants - Florida Department of Juvenile Justice	-	-	-	-	-	-	-
Public grants - School Boards	-	-	-	-	-	-	-
Grants - other	2,459,597	-	-	-	-	-	2,459,597
Contributions	2,194,803	-	-	-	-	-	2,194,803
In-kind contributions	-	-	-	-	-	-	-
Special events	-	-	-	-	-	-	-
Interest and dividend income	20,019	-	-	-	-	-	20,019
Net realized and unrealized loss on investments	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total restricted support and revenue	4,674,419	-	-	-	-	-	4,674,419
Net assets released from restriction	(6,498,223)	-	-	-	-	-	(6,498,223)
Change in net assets with donor restrictions	(1,823,804)	-	-	-	-	-	(1,823,804)
Change in total net assets	(198,044)	(1,746)	(92,473)	(101,542)	(95,044)	-	(488,849)
Net assets, beginning of the year	17,849,653	168,304	593,349	3,278,907	2,162,340	-	24,052,553
Net assets, end of the year	\$ 17,651,609	\$ 166,558	\$ 500,876	\$ 3,177,365	\$ 2,067,296	\$ -	\$ 23,563,704

See independent auditors' report.

Single Audit Reporting

Pace Center for Girls, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Federal / State Agency / Pass-Through Entity / Federal Program / State Project	CFDA/ CFSA Number	Contract/ Grant Number	Federal Expenditures	State Expenditures
<u>FEDERAL PROGRAMS:</u>				
U.S. DEPARTMENT OF JUSTICE				
<i>Passed through Office of Juvenile Justice and Delinquency Prevention</i>				
Reducing Reliance on Secure Placement and Improving Community-Based Responses for Girls-At-Risk of Entering the Juvenile Justice System	16.830	2016-GJ-FX-K002 (2018-2019)	\$ 732,163	\$ -
U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER				
<i>Passed through State Department of Education</i>				
National School Breakfast and Lunch Program	10.553/10.555	01-371	495,028	-
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through School Board of Collier County</i>				
Title 1 Grants to Local Educational Agencies	84.010	184280	31,904	-
<i>Passed through School Board of Leon County</i>				
Title 1 Grants to Local Educational Agencies	84.010	1503	24,891	-
Subtotal - U.S. Department of Education			56,795	-
Total Expenditures of Federal Awards			\$ 1,283,986	\$ -

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

Pace Center for Girls, Inc. and Affiliates
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Federal / State Agency / Pass-Through Entity / Federal Program / State Project	CFDA/ CFSA Number	Contract/ Grant Number	Federal Expenditures	State Expenditures
<u>STATE PROJECTS:</u>				
FLORIDA DEPARTMENT OF JUVENILE JUSTICE				
PACE Center for Girls - Prevention and Victim Services	80.007	X10051	\$ -	\$ 21,378,576
PACE Center for Girls - Prevention and Victim Services - Clay Building	80.007	10669	\$ -	\$ 874,248
Total Expenditures of Federal Awards and State Financial Assistance			\$ 1,283,986	\$ 22,252,824

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

Pace Center for Girls, Inc. and Affiliates
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of Pace Center for Girls, Inc. and Affiliates (the "Organization") for the year ended June 30, 2020.

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

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

2. Pass-Through Awards

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

3. Transfers to Subrecipients

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

4. Indirect Cost Rate

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

5. Contingencies

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

See independent auditors' report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of PACE Center for Girls, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements (the "financial statements"), and have issued our report thereon dated September 29, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Warren Averett, LLC

Tampa, Florida
September 29, 2020

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Pace Center for Girls, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Executive Officer of the Florida Governor's State Project Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2020. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Warren Averett, LLC

Tampa, Florida
September 29, 2020

Pace Center for Girls, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Federal and State Awards

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.830	Reducing Reliance on Secure Placement and Improving Community-Based Responses for Girls-At-Risk of Entering the Juvenile Justice System
 <u>CFSA Number</u>	 <u>Name of State Project</u>
80.007	Practical and Cultural Education (Pace) Center for Girls - Prevention and Victim Services

See independent auditors' report.

Pace Center for Girls, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results (continued)

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

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

Section V - Other Issues

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

See independent auditors' report.