Pace Center for Girls, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information

June 30, 2022 and 2021

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

Pace Center for Girls, Inc. and Affiliates
Table of Contents
June 30, 2022 and 2021

Warren Averett
CPAs AND ADVISORS

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Independent Auditors' Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022 and 2021 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 (the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the 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 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Warren Averett, LLC

Tampa, Florida
September 26, 2022

Pace Center for Girls, Inc. and Affiliates
Consolidated Statements of Financial Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 3,889,615	$ 6,858,834
Investments	7,508,527	8,099,607
Contracts and grants receivable	7,621,511	3,427,416
Pledges receivable - current (net of reserves of $93,030 and $47,519)	275,711	254,918
Employee retention tax credit receivable	3,500,000	-
Prepaid expenses and other assets	865,520	1,452,514
Total current assets	23,660,884	20,093,289
Noncurrent Assets		
Pledges receivable - long-term (net of reserves and discounts of $45,231 and $57,014)	258,433	306,054
Property and equipment, net	22,083,761	21,799,031
Total noncurrent assets	22,342,194	22,105,085
Total Assets	**$ 46,003,078**	**$ 42,198,374**
Liabilities and Net Assets		
Current Liabilities		
Notes payable - current	$ 377,988	360,970
Accounts payable and accrued expenses	1,675,476	955,021
Accrued payroll and benefits	5,537,904	5,130,664
Deferred revenue	93,108	66,286
Total current liabilities	7,684,476	6,512,941
Noncurrent Liabilities		
Notes payable, net of current portion and unamortized loan costs	6,339,412	6,750,566
Other liabilities	-	458,181
Total noncurrent liabilities	6,339,412	7,208,747
Total Liabilities	14,023,888	13,721,688
Net Assets		
Without donor restrictions	25,157,660	24,745,001
With donor restrictions	6,821,530	3,731,685
Total net assets	31,979,190	28,476,686
Total Liabilities and Net Assets	**$ 46,003,078**	**$ 42,198,374**

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total All Classes
Support and Revenue			
Public grants - Florida Department of Juvenile Justice	$ 22,581,180	$ -	$ 22,581,180
Public grants - School Boards	8,725,931	-	8,725,931
Grants - other	1,145,024	1,451,388	2,596,412
Contributions	9,150,653	5,700,801	14,851,454
In-kind contributions	209,354	-	209,354
Interest and dividend income	211,790	-	211,790
Net realized and unrealized loss on investments	(1,259,304)	-	(1,259,304)
Employee retention tax credit	3,500,000	-	3,500,000
Other	69,243	-	69,243
Total support and revenue	44,333,871	7,152,189	51,486,060
Net assets released from restrictions	4,062,344	(4,062,344)	-
Expenses			
Program services	38,475,265	-	38,475,265
Management and general	6,264,646	-	6,264,646
Fundraising	3,243,646	-	3,243,646
Total expenses	47,983,556	-	47,983,556
Change in net assets	412,659	3,089,845	3,502,504
Net assets, beginning of year	24,745,001	3,731,685	28,476,686
Net assets, end of year	**$ 25,157,660**	**$ 6,821,530**	**$ 31,979,190**

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total All Classes
Support and Revenue			
Public grants - Florida Department of Juvenile Justice	$ 23,204,440	$ -	$ 23,204,440
Public grants - School Boards	9,047,772	-	9,047,772
Grants - other	6,532,086	197,636	6,729,722
Contributions	3,766,764	5,681,411	9,448,175
In-kind contributions	223,380	-	223,380
Interest and dividend income	133,071	21,538	154,609
Net realized and unrealized gain on investments	1,297,823	-	1,297,823
Other	15,525	-	15,525
Total support and revenue	44,220,861	5,900,585	50,121,446
Net assets released from restrictions	5,440,558	(5,440,558)	-
Expenses			
Program services	37,379,284	-	37,379,284
Management and general	4,939,361	-	4,939,361
Fundraising	2,889,819	-	2,889,819
Total expenses	45,208,464	-	45,208,464
Change in net assets	4,452,955	460,027	4,912,982
Net assets, beginning of year	20,292,046	3,271,658	23,563,704
Net assets, end of year	**$ 24,745,001**	**$ 3,731,685**	**$ 28,476,686**

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, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 3,502,504	$ 4,912,982
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,045,526	1,006,536
Loss (gain) on investments	1,259,304	(1,015,521)
Bad debt expense	502,674	68,358
Changes in:		
Contracts and grants receivable	(4,533,403)	1,678,089
Pledges receivable	(136,538)	300,030
Employee retention tax credit receivable	(3,500,000)	-
Prepaid expenses and other assets	586,994	(646,974)
Accounts payable and accrued expenses	720,455	169,678
Accrued payroll and benefits	407,240	835,681
Deferred revenue	26,822	(260,322)
Other liabilities	(458,181)	458,181
Net cash (used in) provided by operating activities	(576,603)	7,506,718
Cash flows from investing activities		
Proceeds from sale of investments	(2,299,497)	2,092,913
Purchases of property and equipment	(1,330,256)	(2,817,169)
Purchases of investments	1,631,273	(2,502,892)
Net cash used in investing activities	(1,998,480)	(3,227,148)
Cash flows from financing activities		
Proceeds from lines of credit	-	500,000
Proceeds from notes payable	-	514,857
Repayments of lines of credit	-	(500,000)
Principal repayments of notes payable	(394,136)	(628,007)
Net cash used in financing activities	(394,136)	(113,150)
Net change in cash and cash equivalents	(2,969,219)	4,166,420
Cash and cash equivalents - beginning of the year	6,858,834	2,692,414
Cash and cash equivalents - end of the year	**$ 3,889,615**	**$ 6,858,834**
Supplemental disclosure of cash flow information and noncash investing and financing activities		
Cash paid for interest expense	$ 326,606	$ 347,613

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, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	$ 22,250,168	$ 3,414,147	$ 1,641,198	$ 27,305,513
Payroll taxes and employee benefits	5,032,411	818,225	393,325	6,243,960
Employee training and recruiting	850,789	130,548	62,755	1,044,093
Contracted personnel	67,649	10,380	4,990	83,019
	28,201,017	4,373,300	2,102,268	34,676,585
Occupancy	2,843,432	516,394	-	3,359,826
Telecommunication	928,134	132,633	-	1,060,767
Equipment	1,454,250	292,162	140,444	1,886,857
Vehicle	234,144	51,250	24,636	310,030
Business and property insurance	396,391	56,645	-	453,036
Professional fees	357,213	476,285	357,213	1,190,712
Materials and supplies	170,732	26,198	12,593	209,523
Outreach and community engagement	208,421	31,981	15,373	255,775
Student costs	1,439,714	-	-	1,439,714
Travel	284,784	43,698	21,006	349,488
Special events	-	-	570,111	570,111
Depreciation and amortization	781,427	264,099	-	1,045,526
Uncollectible accounts	502,674	-	-	502,674
Interest	326,606	-	-	326,606
In-kind	209,354	-	-	209,354
Other	136,973	-	-	136,973
Total Expenses	**$ 38,475,265**	**$ 6,264,646**	**$ 3,243,646**	**$ 47,983,556**

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, 2021

	Program Services	Management and General	Fundraising	Total
Salaries	$ 22,409,127	$ 2,772,216	$ 1,771,818	$ 26,953,161
Payroll taxes and employee benefits	5,276,457	543,895	388,720	6,209,072
Employee training and recruiting	160,550	278,481	25,357	464,388
Contracted personnel	36,726	33,616	4,747	75,089
	27,882,860	3,628,208	2,190,642	33,701,710
Occupancy	2,689,420	361,700	26,558	3,077,678
Telecommunication	1,065,849	59,630	192	1,125,671
Equipment	1,656,364	184,041	17,994	1,858,399
Vehicle	387,108	50,302	48,601	486,011
Business and property insurance	511,235	56,804	-	568,039
Professional fees	173,646	283,598	342,195	799,439
Materials and supplies	145,664	20,780	18,264	184,708
Outreach and community engagement	89,846	11,309	46,554	147,709
Student costs	1,189,024	-	-	1,189,024
Travel	138,195	31,355	4,382	173,932
Special events	-	-	194,437	194,437
Depreciation and amortization	754,902	251,634	-	1,006,536
Uncollectible accounts	68,358	-	-	68,358
Interest	347,613	-	-	347,613
In-kind	157,956	-	-	157,956
Other	121,244	-	-	121,244
Total Expenses	**$ 37,379,284**	**$ 4,939,361**	**$ 2,889,819**	**$ 45,208,464**

See accompanying notes to the consolidated financial statements.

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 Florida 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, Georgia counties of Macon and Peach, and South Carolina counties of Florence and Darlington.

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.

2. Summary of Significant Accounting Policies

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.

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.

2. Summary of Significant Accounting Policies (continued)

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

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

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

Revenues are reported as increases in net assets without donor restrictions 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 restrictions 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.

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

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

Contracts and Grants Receivable

Contracts and grants receivable are stated net of an allowance for doubtful accounts. Management evaluates total contracts and grants receivable and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. The allowances for doubtful accounts were zero at June 30, 2022 and 2021. The Organization charges interest on past due contracts with the district school boards at a rate of 1 percent per month, calculated on a daily basis, on the unpaid balance until such time as a warrant is issued for the invoice and accrued interest amount. The Organization does not charge interest on other 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, 2022 and 2021.

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 life of the related loan on a straight line basis, which approximates the effective interest method.

Public Grants and Grants - Other
Public grants from government agencies are recorded based on the terms of the grantor allotment which generally provide 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 could 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.

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. Special events revenue of approximately $2,774,000 and $1,803,000 for the years ended June 30, 2022 and 2021, respectively, is included in contributions 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, 2022 and 2021, 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.

2. Summary of Significant Accounting Policies (continued)

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

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, 2027. Pledges receivable are recorded after discounting to the present value of future cash flows using a rate of 4%. Pledges receivable are as follows:

Years ended June 30,	**2022**	**2021**
Receivable in less than one year	$ 368,741	$ 302,437
Receivable in one to five years	303,664	363,068
	672,405	665,505
Less: discounts to net present value	(30,019)	(31,453)
Less: allowance for doubtful accounts	(108,242)	(73,080)
Net pledges receivable	**$ 534,144**	**$ 560,972**

4. Investments and Fair Value Measurements

Investments are summarized as follows:

Years ended June 30,	**2022**	**2021**
Mutual Funds	$ 4,012,695	$ 4,753,918
Fixed income funds	914,713	1,133,463
Government agencies	750,254	717,795
Other short-term investments	160,889	161,261
Corporate bonds	1,557,358	1,203,235
Real estate	112,618	129,935
Total	**$ 7,508,527**	**$ 8,099,607**

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 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, 2022:

	Level 1	**Level 2**	**Level 3**	**Total**
Mutual Funds	$ 4,012,695	$ -	$ -	$ 4,012,695
Fixed income funds	914,713	-	-	914,713
Government agencies	750,254	-	-	750,254
Other short-term investments	160,889	-	-	160,889
Corporate bonds	1,557,358	-	-	1,557,358
Other	112,618	-	-	112,618
Total	**$ 7,508,527**	**$ -**	**$ -**	**$ 7,508,527**

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, 2021:

	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 4,753,918	$ -	$ -	$ 4,753,918
Fixed income funds	1,133,463	-	-	1,133,463
Government agencies	717,795	-	-	717,795
Other short-term investments	161,261	-	-	161,261
Corporate bonds	1,203,235	-	-	1,203,235
Other	129,935	-	-	129,935
Total	**$ 8,099,607**	**$ -**	**$ -**	**$ 8,099,607**

There were no transfers between Level 1, Level 2, or Level 3 investments during the years ended June 30, 2022 and 2021.

5. Property and Equipment

Property and equipment consist of the following:

Years ended June 30,	2022	2021
Buildings and improvements	$ 26,164,459	$ 26,059,993
Land and improvements	3,545,162	3,545,162
Furniture and equipment	2,022,212	2,022,212
Vehicles	615,209	515,356
Construction in progress	3,858,536	2,732,594
Leasehold improvements	135,755	135,755
	36,341,333	35,011,072
Less: accumulated depreciation and amortization	(14,257,572)	(13,212,041)
Total	**$ 22,083,761**	**$ 21,799,031**

Depreciation expense amounted to $1,045,526 and $1,006,536 for the years ended June 30, 2022 and 2021, respectively.

6. Notes Payable

Notes payable consist of the following:

Years ended June 30,	2022	2021
Fixed rate term loan 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.	$ 1,482,817	$ 1,576,797
Fixed rate term loan 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 $870,481.	1,235,759	1,314,076
Mortgage payable 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 $1,100,802.	1,113,034	1,136,884
Fixed rate term loan 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.	282,614	300,520
Mortgage payable for the Organization's Palm Beach 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 $2,414,761.	2,727,679	2,877,762
Total notes payable	6,841,903	7,206,039
Less current portion	(377,988)	(360,970)
Less loan costs	(124,503)	(94,503)
Notes payable, long-term	**$ 6,339,412**	**$ 6,750,566**

6. Notes Payable (continued)

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

June 30,		2022
2023	$	377,988
2024		2,988,722
2025		194,872
2026		203,337
2027		212,172
Thereafter		2,864,812
Total notes payable	**$**	**6,841,903**

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, 2022 and 2021.

The Organization has an unsecured revolving line of credit with a maximum borrowing limit of $3,000,000. At June 30, 2021, the line of credit bore interest at a rate of the 1-month LIBOR rate (with a floor of 1.25%) plus 3.50% (4.75% at June 30, 2021). At June 30, 2022, the line of credit bears interest at a rate of the BSBY daily floating rate (with a floor of 0.50%) plus 2.40% (4% at June 30, 2022) and matures on November 30, 2023. There were no amounts outstanding on the line of credit at June 30, 2022 and 2021.

7. SBA PPP Note

On May 12, 2021, the Organization was granted a loan in the aggregate amount of $4,000,000, pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP loan was evidenced by a promissory note bearing interest at 1% per annum, with payments due beginning ten months from the date of the note and maturing in May 2026. The note was unsecured and was guaranteed by the U.S. Small Business Administration (SBA). Under the terms of the loan, certain amounts may be forgiven if they are used for qualifying expenses, as described in the CARES Act. Qualifying expenses included payroll costs, continuation of health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. Therefore, the full amount of the note was recognized as income in grants – other in the consolidated statement of activities for the year ended June 30, 2021.

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:

Years ended June 30,	**2022**	**2021**
Rent based upon lease terms	$ 1,651,750	$ 1,425,315
In-kind contributions	72,045	66,503
Total	**$ 1,723,795**	**$ 1,491,818**

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 $419,024 and $342,916 for the years ended June 30, 2022 and 2021, respectively.

Under the terms of all non-cancelable operating leases, the scheduled aggregate minimum lease payments as of June 30, 2022 were as follows:

2023	$ 1,511,167
2024	839,996
2025	589,194
2026	453,635
2027	374,757
Thereafter	445,054
Total	**$ 4,213,803**

9. Contributed Nonfinancial Assets

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.

9. Contributed Nonfinancial Assets (continued)

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.

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

Years ended June 30,	2022	2021
Student costs / supplies	$ 55,627	$ 47,001
Special events	33,295	38,833
Occupancy	72,045	66,503
Other	48,387	71,043
Total	**$ 209,354**	**$ 223,380**

Contributed nonfinancial assets include donations of supplies, services and occupancy costs. The fair value of the supplies is based on standard price of the type of supply and occupancy is based on the standard occupancy cost for the location and size of the dwelling. The fair value of the other services is based on the standard rates charged for those services.

No contributed nonfinancial assets were restricted, and the Organization only uses such assets for its own program or supporting service activities.

10. Net Assets with Donor Restrictions

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

Years ended June 30,	2022	2021
Program services	$ 764,178	$ 773,861
Therapist services	2,295,666	384,872
Capital campaign	2,019,451	1,225,161
Time restrictions: pledge funds	570,955	560,972
Grants, student support and other	189,939	473,854
Scholarships	191,155	203,030
Transition services	790,186	109,935
Total	**$ 6,821,530**	**$ 3,731,685**

11. Liquidity and Availability

At June 30, 2022 and 2021, the Organization has the following amounts available to cover general expenditures:

Years ended June 30,	2022	2021
Total cash and investments	$ 11,398,142	$ 14,958,441
Restricted funds	6,821,530	3,731,685
Net financial assets available to meet cash needs for general expenditures within one year	**$ 4,576,612**	**$ 11,226,756**

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, 2022 and 2021, the level of liquidity and reserves was managed within these requirements.

The Organization has availability of $3,000,000 and $500,000 on its revolving line of credit as of June 30, 2022 and 2021, respectively.

12. Employee Benefit Plan

Effective July 1, 1994, the Organization established a defined contribution benefit plan (the “Plan”) in which all qualified employees 18 years of age may participate. The Plan provides for participants’ pre-tax contributions to the Plan pursuant to Section 403(b) of the Internal Revenue Code. The Organization may make a discretionary contribution to the Plan. The Organization’s contribution to the Plan was $344,360 and $396,925, for the years ended June 30, 2022 and 2021, respectively.

13. Funding Dependency

A substantial amount of the Organization’s support is in the form of annual grants and contracts with federal, state, and local government agencies, including a substantial amount from the Florida Department of Juvenile Justice (“DJJ”). This support is partially dependent upon the Organization’s continued qualifications for such funding, together with the amount of funds available to the governmental sources. Revenue and support from the DJJ accounted for approximately 44% and 46% of total revenue and support of the Organization for the years ended June 30, 2022 and 2021, respectively. Amounts receivable from the DJJ accounted for approximately 50% and 59% of total contracts and grants receivable of the Organization as of June 30, 2022 and 2021, respectively.

13. Funding Dependency (continued)

In addition, the DJJ holds a security interest in all property and equipment acquired with DJJ funding until completion or termination of the related contracts. Property and equipment acquired with DJJ funding, with a net book value of $1,688,176 at June 30, 2022 and 2021, is included in property and equipment on the accompanying consolidated statements of financial position.

14. Commitments and Contingencies

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

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

15. Employee Retention Tax Credit Receivable

The CARES Act provides for an employee retention tax credit (“ERTC”), which is a refundable tax credit against certain employment taxes of up to $10,000 per employee, per quarter for eligible employers. The tax credit ranges from 50% to 70% of qualified wages paid to employees during a quarter through December 31, 2021. The Organization believes that it qualifies for tax credits ranging from approximately $3,500,000 to $9,000,000 under the program. Due to the inherent uncertainty regarding the ERTC, the Organization believes it is appropriate to only record the low end of the range. Therefore, during the year ended June 30, 2022, the Organization recognized $3,500,000 of income related to the ERTC. This amount is included in receivables on the accompanying consolidated statements of financial position as of June 30, 2022, and as support and revenue on the accompanying consolidated statement of activities for the year ended June 30, 2022.

16. Subsequent Events

Events occurring after June 30, 2022, the date of the most recent financial statements, have been evaluated for possible adjustments to the financial statements or disclosures through September 26, 2022, which is the date the financial statements were available to be issued.

Supplementary Information

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2022

	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	$ 3,889,615	$ -	$ -	$ -	$ -	$ -	$ 3,889,615
Investments	7,508,527	-	-	-	-	-	7,508,527
Contracts and grants receivable	7,621,511	-	-	-	-	-	7,621,511
Pledges receivable - current (net of reserves of $93,030)	275,711	-	-	-	-	-	275,711
Employee retention tax credit receivable	3,500,000						3,500,000
Due from affiliated entities	-	-	1,312,097	-	-	(1,312,097)	-
Prepaid expenses and other assets	865,520	-	-	-	-	-	865,520
Total current assets	23,660,884	-	1,312,097	-	-	(1,312,097)	23,660,884
Noncurrent assets							
Pledges receivable - long-term (net of reserves and discounts of $15,212)	258,433	-	-	-	-	-	258,433
Property and equipment, net	11,137,625	609,996	3,270,386	3,020,312	4,045,442	-	22,083,761
Total noncurrent assets	11,396,058	609,996	3,270,386	3,020,312	4,045,442	-	22,342,194
Total Assets	**$ 35,056,942**	**$ 609,996**	**$ 4,582,483**	**$ 3,020,312**	**$ 4,045,442**	**$ (1,312,097)**	**$ 46,003,078**

See independent auditors' report.

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Financial Position (Continued)
June 30, 2022

	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	$ 98,314	$ 18,734	$ 237,927	$ -	$ 23,013	$ -	$ 377,988
Accounts payable and accrued expenses	1,675,476	-	-	-	-	-	1,675,476
Accrued payroll liabilities	5,537,904	-	-	-	-	-	5,537,904
Due to affiliated entities	145,818	163,695	-	112,064	890,520	(1,312,097)	-
Deferred revenue	93,108	-	-	-	-	-	93,108
Total current liabilities	7,550,620	182,429	237,927	112,064	913,533	(1,312,097)	7,684,476
Noncurrent Liabilities							
Notes payable, net of current portion and unamortized loan costs	1,284,037	263,880	3,701,474	-	1,090,021	-	6,339,412
Other liabilities	-	-	-	-	-	-	-
Total noncurrent liabilities	1,284,037	263,880	3,701,474	-	1,090,021	-	6,339,412
Total Liabilities	8,834,657	446,309	3,939,401	112,064	2,003,554	(1,312,097)	14,023,888
Net Assets							
Without donor restrictions	19,400,755	163,687	643,082	2,908,248	2,041,888	-	25,157,660
With donor restrictions	6,821,530	-	-	-	-	-	6,821,530
Total net assets	26,222,285	163,687	643,082	2,908,248	2,041,888	-	31,979,190
Total Liabilities and Net Assets	**$ 35,056,942**	**$ 609,996**	**$ 4,582,483**	**$ 3,020,312**	**$ 4,045,442**	**$ (1,312,097)**	**$ 46,003,078**

See independent auditors' report.

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Activities
For the Year Ended June 30, 2022

	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	$ 22,581,180	$ -	$ -	$ -	$ -	$ -	$ 22,581,180
Public grants - School Boards	8,725,931	-	-	-	-	-	8,725,931
Grants - other	1,145,024	-	-	-	-	-	1,145,024
Contributions	9,150,653	-	-	-	-	-	9,150,653
In-kind contributions	209,354	-	-	-	-	-	209,354
Interest and dividend income	211,790	-	-	-	-	-	211,790
Net realized and unrealized gain on investments	(1,259,304)	-	-	-	-	-	(1,259,304)
Employee retention tax credit	3,500,000	-	-	-	-	-	3,500,000
Other	69,243	32,273	386,656	-	271,814	(690,743)	69,243
Net assets released from restriction	4,062,344	-	-	-	-	-	4,062,344
Total unrestricted support and revenue	48,396,215	32,273	386,656	-	271,814	(690,743)	48,396,215
Expenses							
Program services	38,305,252	34,256	338,328	167,571	320,601	(690,743)	38,475,265
Management and general	6,264,646	-	-	-	-	-	6,264,646
Fundraising	3,243,646	-	-	-	-	-	3,243,646
Total expenses	47,813,543	34,256	338,328	167,571	320,601	(690,743)	47,983,556
Change in net assets without donor restrictions	582,672	(1,983)	48,328	(167,571)	(48,787)	-	412,659

See independent auditors' report.

Pace Center for Girls, Inc. and Affiliates
Consolidating Statement of Activities (Continued)
For the Year Ended June 30, 2022

	PACE Center for Girls, Inc.	PACE Alachua -THC, Inc.	PACE Broward -THC, Inc.	PACE Collier at Immokalee -THC, Inc.	Pace-THC, Inc.	Eliminations	Total
Restricted Support and Revenue							
Public grants - Florida Department of Juvenile Justice	-	-	-	-	-	-	-
Public grants - School Boards	-	-	-	-	-	-	-
Grants - other	1,451,388	-	-	-	-	-	1,451,388
Contributions	5,700,801	-	-	-	-	-	5,700,801
In-kind contributions	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-
Net realized and unrealized loss on investments	-	-	-	-	-	-	-
Employee retention tax credit	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total restricted support and revenue	7,152,189	-	-	-	-	-	7,152,189
Net assets released from restriction	(4,062,344)	-	-	-	-	-	(4,062,344)
Change in net assets with donor restrictions	3,089,845	-	-	-	-	-	3,089,845
Change in total net assets	3,672,517	(1,983)	48,328	(167,571)	(48,787)	-	3,502,504
Net assets, beginning of the year	22,549,768	165,670	594,754	3,075,819	2,090,675	-	28,476,686
Net assets, end of the year	**$ 26,222,285**	**$ 163,687**	**$ 643,082**	**$ 2,908,248**	**$ 2,041,888**	**$ -**	**$ 31,979,190**

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, 2022

Federal / State Agency / Pass-Through Entity / Federal Program / State Project	Assistance Listing Number	Contract/ Grant Number	Federal Expenditures	State Expenditures
FEDERAL PROGRAMS:				
U.S. DEPARTMENT OF JUSTICE				
Passed through Office of Juvenile Justice and Delinquency Prevention				
Reducing Reliance on Secure Placement and Improving Community-Based Responses for Girls-At-Risk of Entering the Juvenile Justice System	16.830	2020-MU-FX-0001	$ 227,412	$ -
U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER				
Passed through State Department of Education				
National School Breakfast and Lunch Program	10.553/10.555/10.579	01-371	486,236	-
U.S. DEPARTMENT OF EDUCATION				
Passed through School Board of Collier County				
Title 1 Grants to Local Educational Agencies	84.010	184280	6,771	-
Passed through School Board of Leon County				
Title 1 Grants to Local Educational Agencies	84.010	1503	1,863	-
Passed through School Board of Hernando County				
Title 1 Grants to Local Educational Agencies	84.010	1503	10,567	
Passed through School Board of Volusia County				
Title 1 Grants to Local Educational Agencies	84.010	1503	20,582	-
Subtotal - U.S. Department of Education			39,783	-
Total Expenditures of Federal Awards			$ 753,431	$ -
STATE PROJECTS:				
FLORIDA DEPARTMENT OF JUVENILE JUSTICE				
PACE Center for Girls - Prevention and Victim Services	80.007	X10051	$ -	$ 22,168,730
PACE Center for Girls - Prevention and Victim Services - Hernando Building	80.007	10728	$ -	$ 62,450
Total Expenditures of Federal Awards and State Financial Assistance			$ 753,431	$ 22,231,180

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

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, 2022.

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 financial assistance 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 and state financial assistance to other entities.

4. Indirect Cost Rate

The Organization has negotiated to use 19.32% for grants and contracts with the U.S. Department of Justice and other Federal agencies to which 2 CFR 200 Subpart E applies and has elected the 10% de minimis indirect cost rate as allowed under the Uniform Guidance and Chapter 10.650, for remaining federal awards, unless otherwise specifically required by the 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.

6. Program Clusters

The U.S. Office of Management and Budget *Compliance Supplement* defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. There was one program that met this criterion for the current fiscal year, Assistance Listing Number 10.553/10.555/10.579 – Child Nutrition Cluster.

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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, 2022 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements (the "financial statements"), and have issued our report thereon dated September 26, 2022.

Report on 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.

Report on 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 26, 2022

Warren Averett
CPAs AND ADVISORS

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Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by *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

Opinion on 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 identified as subject to audit 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, 2022. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the State of Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Warren Averett, LLC

Tampa, Florida
September 26, 2022

Pace Center for Girls, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I – Summary of Auditors' Results

Financial Statements

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

Federal and State Awards

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

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program
10.553/10.555/10.579	Child Nutrition Cluster

State Assistance Listing Number	Name of State Project
80.007	Practical and Cultural Education (Pace) Center for Girls – Prevention and Victim Services

Dollar threshold used to distinguish between Type A and Type B 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	✓

See independent auditors' report.

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None

Section IV – State Project 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*.

No management letter is required because there were no findings required to be reported in the management letter.