

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

**Financial Statements
and Supplementary Information**

**September 30, 2023 and 2022
(With Independent Auditors' Report Thereon)**

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 17
Supplementary Information:	
Schedule of Combined Funds - Statement of Financial Position Information	18
Schedule of Combined Funds - Statement of Activities Information	19
Schedule of Fund and Functional Expenses	20



Independent Auditors' Report

Board of Directors
Palm Harbor Community Services Agency, Inc.:

We have audited the accompanying financial statements of Palm Harbor Community Services Agency, Inc. (the "Agency"), which comprise the statements of financial position as of September 30, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of September 30, 2023, and 2022, and the changes in its net assets, its functional expenses and its cash flows for the years 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 ("GAAS"). 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 Agency 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 opinion.

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 Agency's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Agency'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 Agency'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

MAYER HOFFMAN MCCANN P.C.

March 21, 2024
St. Petersburg, Florida

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Financial Position

September 30, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,399,249	1,911,080
Funds held in custody of Pinellas County	356,397	280,330
Other receivables	88,754	86,030
Certificates of deposit	503,744	254,959
Prepaid expenses	242,748	144,109
Total current assets	2,590,892	2,676,508
Cash designated for long-term purposes	1,061,886	1,090,768
Certificates of deposit, non current	241,174	100,744
Property and equipment, net	4,693,593	4,618,588
Operating lease right-of-use assets, net	67,514	-
Other assets	1,280	1,280
	\$ 8,656,339	8,487,888
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 242,228	230,906
Deferred revenue - deposits	55,827	43,380
Current portion of operating lease liabilities	18,866	-
Total current liabilities	316,921	274,286
Operating lease liabilities, less current portion	48,648	-
Total liabilities	365,569	274,286
Net assets:		
Without donor restrictions:		
Undesignated	2,449,087	2,400,372
Board designated for long-term purposes	1,061,886	1,090,768
Net investment in property and equipment	4,693,593	4,618,588
	8,204,566	8,109,728
With donor restrictions	86,204	103,874
Total net assets	8,290,770	8,213,602
	\$ 8,656,339	8,487,888

See accompanying independent auditors' report and notes to financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

**Year Ended September 30, 2023
(With Comparative Totals for 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Support and revenue:				
Pinellas County	\$ 4,566,328	-	4,566,328	4,103,535
Pinellas Public Library Cooperative	588,022	-	588,022	546,562
Other grant funding	81,056	-	81,056	54,020
Program and event fees	562,587	-	562,587	591,599
Facility rental fees	248,251	-	248,251	190,812
Contributions	122,881	1,000	123,881	143,838
In-kind contributions	463,710	-	463,710	463,710
Fines and other fees	76,124	-	76,124	50,306
Miscellaneous revenue	58,369	-	58,369	86,363
	6,767,328	1,000	6,768,328	6,230,745
Net assets released from restrictions:				
Satisfaction of use restrictions	18,670	(18,670)	-	-
Total support and revenue	6,785,998	(17,670)	6,768,328	6,230,745
Expenses:				
Program services	6,539,331	-	6,539,331	5,826,012
Supporting services	151,829	-	151,829	132,396
Total expenses	6,691,160	-	6,691,160	5,958,408
Increase (decrease) in net assets	94,838	(17,670)	77,168	272,337
Net assets at beginning of year	8,109,728	103,874	8,213,602	7,941,265
Net assets at end of year	\$ 8,204,566	86,204	8,290,770	8,213,602

See accompanying independent auditors' report and notes to financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Pinellas County	\$ 4,103,535	-	4,103,535
Pinellas Public Library Cooperative	546,562	-	546,562
Other grant funding	54,020	-	54,020
Program and event fees	591,599	-	591,599
Facility rental fees	190,812	-	190,812
Contributions	126,342	17,496	143,838
In-kind contributions	463,710	-	463,710
Fines and other fees	50,306	-	50,306
Gain on debt forgiveness	-	-	-
Miscellaneous revenue	<u>86,363</u>	<u>-</u>	<u>86,363</u>
	6,213,249	17,496	6,230,745
Net assets released from restrictions:			
Satisfaction of use restrictions	<u>17,796</u>	<u>(17,796)</u>	<u>-</u>
Total support and revenue	6,231,045	(300)	6,230,745
Expenses:			
Program services	5,826,012	-	5,826,012
Supporting services	<u>132,396</u>	<u>-</u>	<u>132,396</u>
Total expenses	<u>5,958,408</u>	<u>-</u>	<u>5,958,408</u>
Increase (decrease) in net assets	272,637	(300)	272,337
Net assets at beginning of year	<u>7,837,091</u>	<u>104,174</u>	<u>7,941,265</u>
Net assets at end of year	\$ <u><u>8,109,728</u></u>	<u><u>103,874</u></u>	<u><u>8,213,602</u></u>

See accompanying independent auditors' report and notes to financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Functional Expenses

**Year Ended September 30, 2023
(With Comparative Totals for 2022)**

	Program Services			Supporting Services	Total	
	Parks and Recreation	Library Services	Total	Management and General	2023	2022
Salaries	\$ 781,455	1,563,237	2,344,692	81,129	2,425,821	2,223,151
Payroll taxes	61,768	116,112	177,880	-	177,880	161,884
Employee benefits	148,836	224,253	373,089	3,791	376,880	321,920
Total salaries and related expenses	992,059	1,903,602	2,895,661	84,920	2,980,581	2,706,955
Advertising	18,547	11,723	30,270	-	30,270	41,278
Collection development	-	126,176	126,176	-	126,176	124,098
Communications	13,914	22,247	36,161	-	36,161	36,575
Office equipment and supplies	41,546	98,391	139,937	1,151	141,088	116,488
Insurance	135,875	142,697	278,572	2,810	281,382	255,012
Professional fees	43	28,796	28,839	58,108	86,947	74,283
Programs and events	347,559	136,639	484,198	-	484,198	481,277
Repairs and maintenance	905,977	245,769	1,151,746	-	1,151,746	894,916
Software license fees	-	114,419	114,419	-	114,419	103,097
Travel	11,834	-	11,834	-	11,834	8,329
Utilities	134,147	79,281	213,428	-	213,428	178,543
In-kind	463,710	-	463,710	-	463,710	463,710
Other expenses	23,671	65,383	89,054	4,840	93,894	23,678
Total expenses before depreciation and amortization	3,088,882	2,975,123	6,064,005	151,829	6,215,834	5,508,239
Depreciation and amortization	301,495	173,831	475,326	-	475,326	450,169
Total expenses	\$ 3,390,377	3,148,954	6,539,331	151,829	6,691,160	5,958,408

See accompanying independent auditors' report and notes to financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Functional Expenses

Year Ended September 30, 2022

	Program Services			Supporting Services	
	Parks and Recreation	Library Services	Total	Management and General	Total
Salaries	\$ 706,528	1,451,359	2,157,887	65,264	2,223,151
Payroll taxes	52,293	109,591	161,884	-	161,884
Employee benefits	109,270	211,810	321,080	840	321,920
 Total salaries and related expenses	 868,091	 1,772,760	 2,640,851	 66,104	 2,706,955
 Advertising	 26,082	 15,196	 41,278	 -	 41,278
Collection development	-	124,098	124,098	-	124,098
Communications	14,652	20,998	35,650	925	36,575
Office equipment and supplies	34,095	82,156	116,251	237	116,488
Insurance	121,650	130,676	252,326	2,686	255,012
Professional fees	-	16,524	16,524	57,759	74,283
Programs and events	375,803	105,474	481,277	-	481,277
Repairs and maintenance	686,308	208,608	894,916	-	894,916
Software license fees	-	103,097	103,097	-	103,097
Travel	8,052	-	8,052	277	8,329
Utilities	112,797	65,746	178,543	-	178,543
In-kind	463,710	-	463,710	-	463,710
Other expenses	7,380	11,890	19,270	4,408	23,678
 Total expenses before depreciation and amortization	 2,718,620	 2,657,223	 5,375,843	 132,396	 5,508,239
 Depreciation and amortization	 287,025	 163,144	 450,169	 -	 450,169
 Total expenses	 \$ 3,005,645	 2,820,367	 5,826,012	 132,396	 5,958,408

See accompanying independent auditors' report and notes to financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Cash Flows

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase in net assets	\$ 77,168	272,337
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	475,326	450,169
Non-cash lease expense	15,285	-
Decrease (increase) in accounts receivable	(78,791)	47,263
Decrease (increase) in prepaid expenses	(98,639)	6,010
Increase in accounts payable and accrued expenses	11,322	38,930
Increase in deferred revenue - deposits	12,447	9,863
Decrease in operating lease liabilities	<u>(15,285)</u>	<u>-</u>
Net cash provided by operating activities	398,833	824,572
Cash flows from investing activities:		
Purchase of certificates of deposit	(389,215)	(201,476)
Property and equipment purchases	<u>(550,331)</u>	<u>(237,984)</u>
Net cash used in investing activities	<u>(939,546)</u>	<u>(439,460)</u>
Net increase (decrease) in cash and cash equivalents	(540,713)	385,112
Cash and cash equivalents at beginning of year	<u>3,001,848</u>	<u>2,616,736</u>
Cash and cash equivalents at end of year	\$ <u><u>2,461,135</u></u>	\$ <u><u>3,001,848</u></u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 1,399,249	1,911,080
Cash designated for long-term purposes	<u>1,061,886</u>	<u>1,090,768</u>
	\$ <u><u>2,461,135</u></u>	\$ <u><u>3,001,848</u></u>
Additions to operating lease right-of-use assets and lease liabilities recognized pursuant to ASC 842	\$ <u><u>82,799</u></u>	<u><u>-</u></u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

(1) Description of Organization

The Palm Harbor Community Services Agency, Inc. (“PHCSA” or the “Agency”) is a nonprofit corporation created pursuant to the Florida Corporation Not for Profit Law and Pinellas County Ordinance 85-28. The Agency is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The primary purpose of the Agency is to administer and operate the business and affairs of the Palm Harbor Community Services District created pursuant to Pinellas County Ordinance No. 85-28 and the East Lake Community Library and Recreation Municipal Services Taxing Units.

PHCSA acts as a custodial agent for the funds of these districts and maintains separate bank accounts for each program. All funds received for and all expenditures made on behalf of each program are deposited into and made solely from these accounts. The programs over which PHCSA acts as the custodian include the following:

- Palm Harbor Parks and Recreation (including The Centre, Palm Field, Pop Stansell Park, Putnam Park, Sunderman Complex, White Chapel and Harbor Hall)
- Palm Harbor Library
- East Lake Community Library
- East Lake Recreation

Responsibility for East Lake Recreation was assumed by PHCSA effective October 1, 2014. Fiscal periods prior to the fiscal year ended September 30, 2015 do not reflect any activity for this program.

(2) Summary of Significant Accounting Policies

(a) Financial Accounting Standards

The Financial Accounting Standards Board (“FASB”) issued authoritative guidance establishing two levels of U.S. generally accepted accounting principles (“GAAP”), authoritative and nonauthoritative, and making the Accounting Standards Codification (“ASC”) the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. The guidance is incorporated into ASC Topic 105, *Generally Accepted Accounting Principles*.

(b) Financial Statement Presentation

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Agency’s Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Agency’s Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(b) Financial Statement Presentation - Continued

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Agency reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

(c) Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist PHCSA, but these services do not meet the criteria for recognition as contributed services.

(d) Property and Equipment

The Agency capitalizes property and equipment over \$5,000. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

<u>Class</u>	<u>Useful Lives</u>
Land improvements	30 years
Buildings and leasehold improvements	3-39 years
Furniture and equipment	3-15 years
Vehicles	5 years

(e) Cash Equivalents

For purposes of the statement of cash flows, PHCSA considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

(f) Investments

Investments include certificates of deposit with an initial maturity of 91 days or more. Investments are carried at their fair value as determined by the issuing financial institution. Such values are considered to be Level 2 fair values for purposes of the FASB ASC Topic 820 fair value hierarchy. The Agency has no equity investments.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(g) Revenue Recognition

Program and event fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. The Agency offers a variety of these recreational programs and other services. Fee-based programs are available to the public. Program fees for short duration programs of two months or less are typically paid in advance at the time of registration.

Program and event fees are recognized ratably over the period the program service is provided on a straight-line basis in an amount that reflects the consideration the Agency expects to be entitled to in exchange for those services. All of the Agency's revenues from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

Program and event fees and facility rental fees and deposits paid to the Agency in advance represent contract liabilities and are recorded as deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivable.

(h) Income Taxes

PHCSA has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of PHCSA's tax-exempt purpose is exempt from Federal and State income taxes. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income. PHCSA is treated as a publicly supported organization, and not as a private foundation. PHCSA has adopted the provisions of ASC Topic 740, *Income Taxes*, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Agency's income tax filings for periods after the fiscal year ended September 30, 2019 remain subject to examination.

(i) Use of Estimates

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

(j) Going Concern Evaluation

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Agency performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(k) Functional Allocation of Expenses

The costs of providing PHCSA's various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses directly attributable to a specific functional area of the Agency are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on programs and supporting services benefited. Personnel costs have been allocated to functional classifications based on the reporting of time spent on each by the employees. Building, depreciation, insurance, maintenance and other related costs have been allocated to functional classifications based on square footage. Equipment depreciation, maintenance and related costs have been allocated based upon the location of the equipment and usage.

(l) Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

(m) Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued guidance under ASC Topic 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the combined statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the combined financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Agency adopted the standard effective October 1, 2022 and recognized and measured leases existing at, or entered into after, October 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB ASC Topic 840.

The Agency elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard; (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance; or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(m) Recent Accounting Pronouncements - Continued

Leases - Continued

As a result of the adoption of the new leasing accounting guidance, the Agency recognized on October 1, 2022, operating lease liabilities of \$57,463, which represents the present value of the remaining operating lease payments, discounted using the risk-free rate, and operating lease ROU assets of \$57,463.

The standard had an impact on the Agency's statement of financial position as of September 30, 2023 but did not have an impact on the Agency's statements of activities or cash flows for the year then ended. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. See Note 5 for further information on the Agency's leases.

Credit Losses

In June 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). This guidance replaces the current incurred loss impairment method with a method that reflects expected credit losses. In November 2019, the FASB issued ASU No. 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), which deferred the effective date of the guidance in ASU No. 2016-13 until annual reporting periods beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Agency will adopt this standard effective October 1, 2023. No material impact as a result of the adoption is anticipated.

(3) Property and Equipment

Property and equipment at September 30, 2023 consists of the following:

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Land improvements	\$ 63,299	351,968	-	-	415,267
Leasehold improvements	3,680,287	3,220,915	1,053,559	1,612,970	9,567,731
Furniture and equipment	793,767	1,510,507	328,305	148,014	2,780,593
Vehicles	194,935	36,991	-	-	231,926
Construction in process	50,827	-	-	-	50,827
	4,783,115	5,120,381	1,381,864	1,760,984	13,046,344
Accumulated depreciation and amortization	(3,404,685)	(3,747,198)	(659,139)	(541,729)	(8,352,751)
	<u>\$ 1,378,430</u>	<u>1,373,183</u>	<u>722,725</u>	<u>1,219,255</u>	<u>4,693,593</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(3) Property and Equipment - Continued

Property and equipment at September 30, 2022 consists of the following:

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Land improvements	\$ 63,299	351,968	-	-	415,267
Leasehold improvements	3,610,445	3,102,045	1,026,068	1,586,976	9,325,534
Furniture and equipment	736,095	1,469,368	328,305	13,123	2,546,891
Vehicles	164,776	36,991	-	-	201,767
	4,581,167	4,960,372	1,354,373	1,600,099	12,496,011
Accumulated depreciation and amortization	(3,218,109)	(3,636,824)	(595,681)	(426,809)	(7,877,423)
	<u>\$ 1,363,058</u>	<u>1,323,548</u>	<u>758,692</u>	<u>1,173,290</u>	<u>4,618,588</u>

Depreciation and amortization expense for the years ended September 30, 2023 and 2022 was \$475,326 and \$450,169, respectively.

Leasehold and land improvements include the cost of constructing and renovating certain buildings, parking lots, and recreational facilities. Pinellas County holds legal title to certain land on which these improvements have been made as it relates to Palm Harbor Parks and Recreation, East Lake Library, and Palm Harbor Library. PHCSA also leases certain property from the East Lake Youth Sports Association, Inc. (East Lake Recreation) and a local church (Palm Harbor Parks and Recreation - Palm Field).

(4) Net Assets With Donor Restrictions

Net assets with donor restrictions as of September 30, 2023 and 2022 consist of the following:

	2023	2022
Palm Harbor Library replacement of building roof	\$ 43,724	49,896
Palm Harbor Library renovation of teen library room	4,933	4,933
Palm Harbor Library adult and child media collections	2,207	3,933
Palm Harbor Library specific programs	340	1,691
East Lake Library outdoor canopy	-	5,000
East Lake Library specific programs	-	3,421
Soccer concession stand	35,000	35,000
	<u>\$ 86,204</u>	<u>103,874</u>

(5) Equipment Leases

PHCSA leases certain office equipment for its East Lake Community Library location and its Palm Harbor Library location. The leases have remaining terms ranging between 3 to 5 years. PHCSA determines if an arrangement is a lease at inception.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(5) Equipment Leases - Continued

ROU assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As an accounting policy election, the Agency uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments if the rate implicit in a lease is not-readily determinable. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For the year ended September 30, 2023, the components of lease expense were as follows:

Operating lease costs	\$	17,613
Short-term lease costs		3,762

As of September 30, 2023, the weight average remaining lease term and discount rate for operating leases were 3.64 years and 3.97%, respectively.

The following summarizes cash flow information related to leases for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ <u>17,613</u>
Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ <u>82,799</u>

The maturities of lease liabilities as of September 30, 2023 were as follows:

<u>Year Ending September 30,</u>	<u>Operating Leases</u>
2024	\$ 21,169
2025	21,169
2026	18,848
2027	6,446
2028	<u>4,890</u>
Total operating lease payments	72,522
Less imputed interest	<u>(5,008)</u>
Present value of lease liabilities	67,514
Less current portion	<u>(18,866)</u>
Lease liabilities, net of current portion	\$ <u>48,648</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(5) Equipment Leases - Continued

Rent expense under operating leases in 2022 was approximately \$13,000. Future minimum lease payments under noncancellable operating leases as of September 30, 2022 (as classified under prior authoritative lease accounting guidance) were as follows:

<u>Year Ending September 30,</u>	
2023	\$ 12,044
2024	12,044
2025	<u>3,011</u>
Total future minimum lease payments	\$ <u>27,099</u>

(6) Employee Benefit Plan

PHCSA sponsors a defined contribution retirement plan for the benefit of its full time employees and contributes up to a 3% match on annual wages. Retirement plan expense for the years ended September 30, 2023 and 2022 was approximately \$52,000 and \$45,000, respectively.

(7) In-Kind Contributions

In connection with conducting its recreation programs, the Agency utilizes a variety of recreation facilities located in the Palm Harbor and East Lake communities. Certain of the recreation facilities are provided by Pinellas County and other unrelated parties at little or no cost to the Agency. Based on current market rates for the rental of recreation facilities of similar size and nature, the Agency would have paid approximately \$464,000 for each of the years ended September 30, 2023 and 2022. The contributed use of the facilities is reflected as in-kind contributions and in-kind expense in the accompanying statements of activities.

(8) Concentrations

PHCSA is primarily funded by renewable agreements with the Palm Harbor Community Services District, East Lake Community Library and Recreation Municipal Services Taxing Units and Pinellas County. Pinellas County provides funding for PHCSA's programs through taxes collected in specific districts. The Palm Harbor Library and the East Lake Community Library also receive funding through the Pinellas Public Library Cooperative.

The Agency's cash deposits held by a financial institution are classified as public funds deposits and the financial institution participates in the Florida Security for Public Deposits program as described in Chapter 280, *Florida Statutes*.

(9) Liquidity and Availability of Resources

The Agency is supported by both unrestricted and restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(9) Liquidity and Availability of Resources - Continued

In addition to the financial assets available to meet general expenditures over the next 12 months, the Agency operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Agency's cash and reflects positive cash flow generated by operating activities for the years ended September 30, 2023 and 2022.

As of September 30, 2023 and 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,399,249	1,911,080
Cash designated for long-term purposes	1,061,886	1,090,768
Certificates of deposit	744,918	355,703
Funds held in custody of Pinellas County	356,397	280,330
Other receivables	<u>88,754</u>	<u>86,030</u>
Total financial assets	3,651,204	3,723,911
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions	(86,204)	(103,874)
Board-designated for long-term purposes	<u>(1,061,886)</u>	<u>(1,090,768)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,503,114</u>	<u>2,529,269</u>

(10) Subsequent Events

Management has evaluated subsequent events through March 21, 2024, the date the financial statements were available for issuance.

SUPPLEMENTARY INFORMATION

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Combined Funds - Statement of Financial Position Information

September 30, 2023

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 420,149	352,642	109,128	517,330	1,399,249
Funds held in custody of Pinellas County	112,441	112,510	65,743	65,703	356,397
Other receivables	24,692	43,562	-	20,500	88,754
Certificates of deposit	-	103,502	135,507	264,735	503,744
Prepaid expenses	91,133	82,710	53,557	15,348	242,748
Total current assets	648,415	694,926	363,935	883,616	2,590,892
Cash designated for long-term purposes	738,129	155,100	168,657	-	1,061,886
Certificates of deposit, non current	-	-	101,029	140,145	241,174
Property and equipment, net	1,378,430	1,373,183	722,725	1,219,255	4,693,593
Operating lease right-of-use assets, net	6,367	-	61,147	-	67,514
Other assets	445	-	835	-	1,280
	<u>\$ 2,771,786</u>	<u>2,223,209</u>	<u>1,418,328</u>	<u>2,243,016</u>	<u>8,656,339</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 72,130	89,154	68,877	12,067	242,228
Deferred revenue - deposits	55,827	-	-	-	55,827
Current portion of operating lease liabilities	1,689	-	17,177	-	18,866
Total current liabilities	129,646	89,154	86,054	12,067	316,921
Operating lease liabilities, less current portion	4,678	-	43,970	-	48,648
Total liabilities	134,324	89,154	130,024	12,067	365,569
Net assets:					
Without donor restrictions:					
Undesignated	520,903	554,568	396,922	976,694	2,449,087
Board-designated for long-term purposes	738,129	155,100	168,657	-	1,061,886
Net investment in property and equipment	1,378,430	1,373,183	722,725	1,219,255	4,693,593
	2,637,462	2,082,851	1,288,304	2,195,949	8,204,566
With donor restrictions	-	51,204	-	35,000	86,204
Total net assets	2,637,462	2,134,055	1,288,304	2,230,949	8,290,770
	<u>\$ 2,771,786</u>	<u>2,223,209</u>	<u>1,418,328</u>	<u>2,243,016</u>	<u>8,656,339</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Combined Funds - Statement of Activities Information

Year Ended September 30, 2023

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Support and revenue:					
Pinellas County	\$ 1,415,709	1,415,770	867,452	867,397	4,566,328
Pinellas Public Library Cooperative	-	334,135	253,887	-	588,022
Other grant funding	18,329	20,000	22,727	20,000	81,056
Program and event fees	562,587	-	-	-	562,587
Facility rental fees	240,883	3,718	-	3,650	248,251
Contributions	5,275	85,789	32,817	-	123,881
In-kind contributions	463,710	-	-	-	463,710
Fines and other fees	-	13,443	62,681	-	76,124
Miscellaneous revenue	26,424	1,740	21,835	8,370	58,369
Total support and revenue	2,732,917	1,874,595	1,261,399	899,417	6,768,328
Expenses:					
Program services	2,714,814	1,940,301	1,208,653	675,563	6,539,331
Supporting services	59,146	34,045	32,773	25,865	151,829
Total expenses	2,773,960	1,974,346	1,241,426	701,428	6,691,160
Increase (decrease) in net assets	(41,043)	(99,751)	19,973	197,989	77,168
Net assets at beginning of year	2,678,505	2,233,806	1,268,331	2,032,960	8,213,602
Net assets at end of year	\$ 2,637,462	2,134,055	1,288,304	2,230,949	8,290,770

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Fund and Functional Expenses

Year Ended September 30, 2023

						Program Services		Supporting Services
	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total	Parks and Recreation	Library Services	Management and General
Salaries	\$ 732,427	950,469	647,704	95,221	2,425,821	781,455	1,563,237	81,129
Payroll taxes	57,334	68,864	47,248	4,434	177,880	61,768	116,112	-
Employee benefits	138,365	150,346	73,907	14,262	376,880	148,836	224,253	3,791
 Total salaries and related expenses	 928,126	 1,169,679	 768,859	 113,917	 2,980,581	 992,059	 1,903,602	 84,920
 Advertising	 18,547	 9,389	 2,334	 -	 30,270	 18,547	 11,723	 -
Collection development	-	67,390	58,786	-	126,176	-	126,176	-
Communications	13,914	18,031	4,216	-	36,161	13,914	22,247	-
Office equipment and supplies	19,622	63,726	34,804	22,936	141,088	41,546	98,391	1,151
Insurance	116,078	88,104	56,095	21,105	281,382	135,875	142,697	2,810
Professional fees	18,031	31,759	26,994	10,163	86,947	43	28,796	58,108
Programs and events	347,559	96,896	39,743	-	484,198	347,559	136,639	-
Repairs and maintenance	512,636	148,585	97,184	393,341	1,151,746	905,977	245,769	-
Software license fees	-	70,294	44,125	-	114,419	-	114,419	-
Travel	11,426	-	-	408	11,834	11,834	-	-
Utilities	117,223	56,535	22,746	16,924	213,428	134,147	79,281	-
In-kind	463,710	-	-	-	463,710	463,710	-	-
Other expenses	20,513	43,585	22,082	7,714	93,894	23,671	65,383	4,840
 Total expenses before depreciation and amortization	 2,587,385	 1,863,973	 1,177,968	 586,508	 6,215,834	 3,088,882	 2,975,123	 151,829
 Depreciation and amortization	 186,575	 110,373	 63,458	 114,920	 475,326	 301,495	 173,831	 -
 Total expenses	 \$ 2,773,960	 1,974,346	 1,241,426	 701,428	 6,691,160	 3,390,377	 3,148,954	 151,829

See accompanying independent auditors' report.