



PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

**Financial Statements
and Supplementary Information**

**September 30, 2024 and 2023
(With Independent Auditors' Report Thereon)**

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

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Independent Auditors' Report

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

We have audited the financial statements of Palm Harbor Community Services Agency, Inc. (the "Agency"), which comprise the statements of financial position as of September 30, 2024 and 2023 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, 2024 and 2023, 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 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 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.

Report on Supplementary Information

Our audit was conducted for purposes of forming an opinion on the financial statements as a whole. The schedule of combined funds statement of financial position as of September 30, 2024, as well as the schedule of combined funds statement of activities and the schedule of fund and functional expenses for the year ended September 30, 2024, are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

CBIZ CPAs P.C.

March 31, 2025
St. Petersburg, Florida

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Financial Position

September 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents	\$ 1,522,906	1,399,249
Funds held in custody of Pinellas County	299,001	356,397
Other receivables	44,625	88,754
Certificates of deposits	1,100,650	503,744
Prepaid expenses	268,498	242,748
Total current assets	3,235,680	2,590,892
Cash designated for long-term purposes	1,464,175	1,061,886
Certificates of deposits, non-current	-	241,174
Property and equipment, net	4,658,835	4,693,593
Operating lease right-of-use assets, net	48,648	67,514
Other assets	1,280	1,280
	\$ 9,408,618	8,656,339
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 339,705	242,228
Deferred revenue - deposits	52,060	55,827
Current portion of operating lease liabilities	19,625	18,866
Total current liabilities	411,390	316,921
Operating lease liabilities, less current portion	29,023	48,648
Total liabilities	440,413	365,569
Net assets:		
Without donor restrictions:		
Undesignated	2,758,489	2,449,087
Board designated for long-term purposes	1,464,175	1,061,886
Net investment in property and equipment	4,658,835	4,693,593
	8,881,499	8,204,566
With donor restrictions	86,706	86,204
Total net assets	8,968,205	8,290,770
	\$ 9,408,618	8,656,339

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

**Year Ended September 30, 2024
(With Comparative Totals for 2023)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Support and revenue:				
Pinellas County	\$ 5,006,292	-	5,006,292	4,566,328
Pinellas Public Library Cooperative	708,610	-	708,610	588,022
Other grant funding	191,767	-	191,767	81,056
Program and event fees	587,573	-	587,573	562,587
Facility rental fees	284,858	-	284,858	248,251
Contributions	96,498	15,022	111,520	123,881
In-kind contributions	463,710	-	463,710	463,710
Fines and other fees	68,425	-	68,425	76,124
Miscellaneous revenue	92,573	-	92,573	58,369
	7,500,306	15,022	7,515,328	6,768,328
Net assets released from restrictions:				
Satisfaction of use restrictions	14,520	(14,520)	-	-
Total support and revenue	7,514,826	502	7,515,328	6,768,328
Expenses:				
Program services	6,694,984	-	6,694,984	6,539,331
Supporting services	142,909	-	142,909	151,829
Total expenses	6,837,893	-	6,837,893	6,691,160
Increase in net assets	676,933	502	677,435	77,168
Net assets at beginning of year	8,204,566	86,204	8,290,770	8,213,602
Net assets at end of year	\$ 8,881,499	86,706	8,968,205	8,290,770

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

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Pinellas County	\$ 4,566,328	-	4,566,328
Pinellas Public Library Cooperative	588,022	-	588,022
Other grant funding	81,056	-	81,056
Program and event fees	562,587	-	562,587
Facility rental fees	248,251	-	248,251
Contributions	122,881	1,000	123,881
In-kind contributions	463,710	-	463,710
Fines and other fees	76,124	-	76,124
Miscellaneous revenue	58,369	-	58,369
	<u>6,767,328</u>	<u>1,000</u>	<u>6,768,328</u>
Net assets released from restrictions:			
Satisfaction of use restrictions	<u>18,670</u>	<u>(18,670)</u>	<u>-</u>
Total support and revenue	6,785,998	(17,670)	6,768,328
Expenses:			
Program services	6,539,331	-	6,539,331
Supporting services	<u>151,829</u>	<u>-</u>	<u>151,829</u>
Total expenses	<u>6,691,160</u>	<u>-</u>	<u>6,691,160</u>
Increase (decrease) in net assets	94,838	(17,670)	77,168
Net assets at beginning of year	<u>8,109,728</u>	<u>103,874</u>	<u>8,213,602</u>
Net assets at end of year	\$ <u><u>8,204,566</u></u>	<u><u>86,204</u></u>	<u><u>8,290,770</u></u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Functional Expenses

**Year Ended September 30, 2024
(With Comparative Totals for 2023)**

	Program Services			Supporting Services	Total	
	Parks and Recreation	Library Services	Total	Management and General	2024	2023
Salaries	\$ 838,961	1,651,155	2,490,116	66,040	2,556,156	2,419,615
Payroll taxes	61,781	118,553	180,334	5,470	185,804	184,086
Employee benefits	118,950	241,314	360,264	680	360,944	376,880
Total salaries and related expenses	1,019,692	2,011,022	3,030,714	72,190	3,102,904	2,980,581
Advertising	25,499	13,722	39,221	-	39,221	30,270
Collection development	-	116,213	116,213	-	116,213	126,176
Communications	15,035	29,050	44,085	-	44,085	36,161
Office equipment and supplies	20,662	127,733	148,395	1,769	150,164	141,088
Insurance	139,041	151,088	290,129	1,664	291,793	281,382
Professional fees	602	32,732	33,334	55,741	89,075	86,947
Programs and events	361,434	140,663	502,097	-	502,097	484,198
Repairs and maintenance	855,231	247,427	1,102,658	-	1,102,658	1,151,746
Software license fees	-	149,268	149,268	-	149,268	114,419
Travel	12,909	-	12,909	171	13,080	11,834
Utilities	125,300	73,667	198,967	-	198,967	213,428
In-kind	463,710	-	463,710	-	463,710	463,710
Other expenses	33,398	25,191	58,589	11,374	69,963	93,894
Total expenses before depreciation and amortization	3,072,513	3,117,776	6,190,289	142,909	6,333,198	6,215,834
Depreciation and amortization	329,924	174,771	504,695	-	504,695	475,326
Total expenses	\$ 3,402,437	3,292,547	6,694,984	142,909	6,837,893	6,691,160

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

	Program Services			Supporting Services	
	Parks and Recreation	Library Services	Total	Management and General	Total
Salaries	\$ 781,455	1,563,237	2,344,692	74,923	2,419,615
Payroll taxes	61,768	116,112	177,880	6,206	184,086
Employee benefits	148,836	224,253	373,089	3,791	376,880
Total salaries and related expenses	992,059	1,903,602	2,895,661	84,920	2,980,581
Advertising	18,547	11,723	30,270	-	30,270
Collection development	-	126,176	126,176	-	126,176
Communications	13,914	22,247	36,161	-	36,161
Office equipment and supplies	41,546	98,391	139,937	1,151	141,088
Insurance	135,875	142,697	278,572	2,810	281,382
Professional fees	43	28,796	28,839	58,108	86,947
Programs and events	347,559	136,639	484,198	-	484,198
Repairs and maintenance	905,977	245,769	1,151,746	-	1,151,746
Software license fees	-	114,419	114,419	-	114,419
Travel	11,834	-	11,834	-	11,834
Utilities	134,147	79,281	213,428	-	213,428
In-kind	463,710	-	463,710	-	463,710
Other expenses	23,671	65,383	89,054	4,840	93,894
Total expenses before depreciation and amortization	3,088,882	2,975,123	6,064,005	151,829	6,215,834
Depreciation and amortization	301,495	173,831	475,326	-	475,326
Total expenses	\$ 3,390,377	3,148,954	6,539,331	151,829	6,691,160

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

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in net assets	\$ 677,435	77,168
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	504,695	475,326
Non-cash lease expense	18,866	15,285
Decrease (increase) in funds held in custody of Pinellas County	57,396	(76,067)
Decrease (increase) in other receivables	44,129	(2,724)
Increase in prepaid expenses	(25,750)	(98,639)
Increase in accounts payable and accrued expenses	97,477	11,322
Increase (decrease) in deferred revenue - deposits	(3,767)	12,447
Decrease in operating lease liabilities	<u>(18,866)</u>	<u>(15,285)</u>
Net cash provided by operating activities	1,351,615	398,833
Cash flows from investing activities:		
Purchases of certificates of deposits	(355,732)	(389,215)
Purchases of property and equipment	<u>(469,937)</u>	<u>(550,331)</u>
Net cash used in investing activities	<u>(825,669)</u>	<u>(939,546)</u>
Net decrease in cash and cash equivalents	525,946	(540,713)
Cash and cash equivalents at beginning of year	<u>2,461,135</u>	<u>3,001,848</u>
Cash and cash equivalents at end of year	\$ <u><u>2,987,081</u></u>	<u><u>2,461,135</u></u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 1,522,906	1,399,249
Cash designated for long-term purposes	<u>1,464,175</u>	<u>1,061,886</u>
	\$ <u><u>2,987,081</u></u>	<u><u>2,461,135</u></u>
Additions to operating lease right-of-use assets and lease liabilities recognized pursuant to ASC 842	\$ <u><u>-</u></u>	<u><u>82,799</u></u>

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

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements

September 30, 2024 and 2023

(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

(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 improvements	3-39 years
Furniture and equipment	3-15 years
Vehicles	5 years

(e) Cash and Cash Equivalents

The Agency considers all certificates of deposit with original maturities of three months or less to be cash equivalents.

(f) Certificates of deposits

The Agency considers all certificates of deposits with original maturities greater than three months to be classified as certificates of deposits. The Agency considers certificates of deposits that are mature within twelve months or less from the statement of financial position date to be classified as current assets. Certificates of deposits are carried at their fair value 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.

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, 2020 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. The evaluation determined that there were no conditions, 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.

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) Leases

The Agency leases certain office equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the accompanying statements of financial position.

ROU assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent the Agency's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Agency's leases do not provide an implicit rate, the Agency uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Agency's lease terms may include options to extend or terminate the lease when it is reasonably certain the Agency will exercise the option.

The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(m) Recently Adopted Accounting Pronouncement

On October 1, 2023, the Agency adopted ASC Topic 326, *Financial Instruments - Credit Losses*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost and the Agency adopted ASC 326 using the modified retrospective method. The adoption had no significant impact on the Agency's allowance for credit losses. Prior period amounts continue to be reported in accordance with previously applicable US GAAP.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(3) Property and Equipment

Property and equipment at September 30, 2024 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
Buildings and improvements	3,929,525	3,242,370	1,072,619	1,618,645	9,863,159
Furniture and equipment	901,822	1,545,308	328,305	185,843	2,961,278
Vehicles	194,935	36,991	-	-	231,926
Construction in process	44,649	-	-	-	44,649
	5,134,230	5,176,637	1,400,924	1,804,488	13,516,279
Accumulated depreciation and amortization	(3,610,548)	(3,858,815)	(722,291)	(665,790)	(8,857,444)
	<u>\$ 1,523,682</u>	<u>1,317,822</u>	<u>678,633</u>	<u>1,138,698</u>	<u>4,658,835</u>

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
Buildings and 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>

Depreciation and amortization expense for the years ended September 30, 2024 and 2023 was \$504,695 and \$475,326, respectively.

Land improvements and buildings and 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).

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(4) Net Assets With Donor Restrictions

Net assets with donor restrictions as of September 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Palm Harbor Library replacement of building roof	\$ 43,724	43,724
Palm Harbor Library renovation of teen library room	4,933	4,933
Palm Harbor Library adult and child media collections	258	2,207
Palm Harbor Library specific programs	340	340
Palm Harbor Library steam kits	663	-
Palm Harbor Library Mark Mazurek Gaming Center	1,788	-
Soccer concession stand	35,000	35,000
	<u>\$ 86,706</u>	<u>86,204</u>

Net assets released from restrictions for the years ended September 30, 2024 and 2023 was \$14,520 and \$17,670, respectively.

(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 2 to 4 years. PHCSA determines if an arrangement is a lease at inception.

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.

The components of lease expense are included below for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 21,169	17,613
Short-term lease costs	903	3,762

As of September 30, 2024 and 2023, the weighted average remaining lease term for operating leases was 2.73 years and 3.64 years, respectively.

As of September 30, 2024 and 2023, the weighted average discount rate for operating leases was and 3.96% and 3.97%, respectively.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(5) Equipment Leases - Continued

The following summarizes cash flow information related to leases for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ <u>21,169</u>	<u>17,613</u>
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ <u>-</u>	<u>82,799</u>

The maturities of lease liabilities as of September 30, 2024, were as follows:

<u>Year Ending September 30,</u>	<u>Operating Leases</u>
2025	\$ 21,169
2026	18,848
2027	6,446
2028	<u>4,890</u>
Total operating lease payments	51,353
Less imputed interest	<u>(2,705)</u>
Present value of lease liabilities	48,648
Less current portion	<u>(19,625)</u>
Lease liabilities, net of current portion	\$ <u>29,023</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, 2024 and 2023 was approximately \$54,000 and \$52,000, 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, 2024 and 2023. The contributed use of the facilities is reflected as in-kind contributions and in-kind expense in the accompanying statements of activities.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(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.

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, 2024 and 2023.

As of September 30, 2024 and 2023, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 1,522,906	1,399,249
Cash designated for long-term purposes	1,464,175	1,061,886
Certificates of deposits	1,100,650	744,918
Funds held in custody of Pinellas County	299,001	356,397
Other receivables	<u>44,625</u>	<u>88,754</u>
Total financial assets	4,431,357	3,651,204
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions	(86,706)	(86,204)
Board-designated for long-term purposes	<u>(1,464,175)</u>	<u>(1,061,886)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,880,476</u>	<u>2,503,114</u>

(10) Subsequent Events

Management has evaluated subsequent events through March 31, 2025, 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, 2024

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 226,008	533,898	131,942	631,058	1,522,906
Funds held in custody of Pinellas County	94,649	94,733	54,830	54,789	299,001
Other receivables	4,625	20,000	-	20,000	44,625
Certificates of deposits	-	108,891	364,840	626,919	1,100,650
Prepaid expenses	95,324	96,320	57,147	19,707	268,498
Total current assets	420,606	853,842	608,759	1,352,473	3,235,680
Cash designated for long-term purposes	1,160,009	179,958	124,208	-	1,464,175
Certificates of deposits, non-current	-	-	-	-	-
Property and equipment, net	1,523,682	1,317,822	678,633	1,138,698	4,658,835
Operating lease right-of-use assets, net	4,679	-	43,969	-	48,648
Other assets	445	-	835	-	1,280
	<u>\$ 3,109,421</u>	<u>2,351,622</u>	<u>1,456,404</u>	<u>2,491,171</u>	<u>9,408,618</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 90,422	122,493	112,891	13,899	339,705
Deferred revenue - deposits	52,060	-	-	-	52,060
Current portion of operating lease liabilities	1,756	-	17,869	-	19,625
Total current liabilities	144,238	122,493	130,760	13,899	411,390
Operating lease liabilities, less current portion	2,923	-	26,100	-	29,023
Total liabilities	147,161	122,493	156,860	13,899	440,413
Net assets:					
Without donor restrictions:					
Undesignated	278,569	679,643	496,703	1,303,574	2,758,489
Board-designated for long-term purposes	1,160,009	179,958	124,208	-	1,464,175
Net investment in property and equipment	1,523,682	1,317,822	678,633	1,138,698	4,658,835
	2,962,260	2,177,423	1,299,544	2,442,272	8,881,499
With donor restrictions	-	51,706	-	35,000	86,706
Total net assets	2,962,260	2,229,129	1,299,544	2,477,272	8,968,205
	<u>\$ 3,109,421</u>	<u>2,351,622</u>	<u>1,456,404</u>	<u>2,491,171</u>	<u>9,408,618</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Combined Funds - Statement of Activities Information

Year Ended September 30, 2024

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Support and revenue:					
Pinellas County	\$ 1,561,828	1,561,822	941,347	941,295	5,006,292
Pinellas Public Library Cooperative	-	418,681	289,929	-	708,610
Other grant funding	132,707	20,000	19,060	20,000	191,767
Program and event fees	587,573	-	-	-	587,573
Facility rental fees	282,867	1,991	-	-	284,858
Contributions	9,984	66,467	35,069	-	111,520
In-kind contributions	463,710	-	-	-	463,710
Fines and other fees	-	13,220	55,205	-	68,425
Miscellaneous revenue	34,111	10,421	27,630	20,411	92,573
Total support and revenue	3,072,780	2,092,602	1,368,240	981,706	7,515,328
Expenses:					
Program services	2,697,569	1,966,899	1,325,648	704,868	6,694,984
Supporting services	50,413	30,629	31,352	30,515	142,909
Total expenses	2,747,982	1,997,528	1,357,000	735,383	6,837,893
Increase in net assets	324,798	95,074	11,240	246,323	677,435
Net assets at beginning of year	2,637,462	2,134,055	1,288,304	2,230,949	8,290,770
Net assets at end of year	\$ 2,962,260	2,229,129	1,299,544	2,477,272	8,968,205

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Fund and Functional Expenses

Year Ended September 30, 2024

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total	Program Services		Supporting Services Management and General
						Parks and Recreation	Library Services	
Salaries	\$ 771,044	963,039	719,059	103,014	2,556,156	838,961	1,651,155	66,040
Payroll taxes	59,498	69,001	52,115	5,190	185,804	61,781	118,553	5,470
Employee benefits	102,153	150,286	91,028	17,477	360,944	118,950	241,314	680
Total salaries and related expenses	932,695	1,182,326	862,202	125,681	3,102,904	1,019,692	2,011,022	72,190
Advertising	25,499	12,172	1,550	-	39,221	25,499	13,722	-
Collection development	-	52,648	63,565	-	116,213	-	116,213	-
Communications	15,035	19,741	9,309	-	44,085	15,035	29,050	-
Office equipment and supplies	16,384	105,088	22,856	5,836	150,164	20,662	127,733	1,769
Insurance	116,818	93,463	59,289	22,223	291,793	139,041	151,088	1,664
Professional fees	17,353	41,147	17,977	12,598	89,075	602	32,732	55,741
Programs and events	361,434	90,126	50,537	-	502,097	361,434	140,663	-
Repairs and maintenance	445,574	126,821	120,606	409,657	1,102,658	855,231	247,427	-
Software license fees	-	102,165	47,103	-	149,268	-	149,268	-
Travel	13,041	-	39	-	13,080	12,909	-	171
Utilities	106,723	50,588	23,079	18,577	198,967	125,300	73,667	-
In-kind	463,710	-	-	-	463,710	463,710	-	-
Other expenses	27,853	9,625	15,735	16,750	69,963	33,398	25,191	11,374
Total expenses before depreciation and amortization	2,542,119	1,885,910	1,293,847	611,322	6,333,198	3,072,513	3,117,776	142,909
Depreciation and amortization	205,863	111,618	63,153	124,061	504,695	329,924	174,771	-
Total expenses	\$ 2,747,982	1,997,528	1,357,000	735,383	6,837,893	3,402,437	3,292,547	142,909

See accompanying independent auditors' report.