

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

**Financial Statements
and Supplementary Information**

**September 30, 2022 and 2021
(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 accompanying financial statements of Palm Harbor Community Services Agency, Inc. (the "Agency"), which comprise the statements of financial position as of September 30, 2022 and 2021 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, 2022, and 2021, 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 16, 2023
St. Petersburg, Florida

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Financial Position

September 30, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash and cash equivalents	\$ 1,911,080	1,269,936
Funds held in custody of Pinellas County	280,330	336,230
Other receivables	86,030	77,393
Certificates of deposit	254,971	103,485
Prepaid expenses	144,109	150,119
	2,676,520	1,937,163
Total current assets		
Cash designated for long-term purposes	1,090,768	1,346,800
Certificates of deposit, non current	100,732	50,742
Property and equipment, net	4,618,588	4,830,773
Other assets	1,280	1,280
	\$ 8,487,888	8,166,758
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 230,906	191,976
Deferred revenue - deposits	43,380	33,517
	274,286	225,493
Total current liabilities		
Net assets:		
Without donor restrictions:		
Undesignated	2,400,372	1,659,518
Board designated for long-term purposes	1,090,768	1,346,800
Net investment in property and equipment	4,618,588	4,830,773
	8,109,728	7,837,091
With donor restrictions	103,874	104,174
	8,213,602	7,941,265
Total net assets		
	\$ 8,487,888	8,166,758

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

**Year Ended September 30, 2022
(With Comparative Totals for 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Support and revenue:				
Pinellas County	\$ 4,103,535	-	4,103,535	3,886,964
Pinellas Public Library Cooperative	546,562	-	546,562	492,580
Other grant funding	54,020	-	54,020	78,730
Program and event fees	591,599	-	591,599	430,747
Facility rental fees	190,812	-	190,812	195,572
Contributions	126,342	17,496	143,838	324,461
In-kind contributions	463,710	-	463,710	463,710
Fines and other fees	50,306	-	50,306	51,529
Gain on debt forgiveness	-	-	-	439,885
Miscellaneous revenue	86,363	-	86,363	59,042
	<u>6,213,249</u>	<u>17,496</u>	<u>6,230,745</u>	<u>6,423,220</u>
Net assets released from restrictions:				
Satisfaction of use restrictions	17,796	(17,796)	-	-
	<u>6,231,045</u>	<u>(300)</u>	<u>6,230,745</u>	<u>6,423,220</u>
Total support and revenue				
Expenses:				
Program services	5,826,012	-	5,826,012	5,185,667
Supporting services	132,396	-	132,396	128,873
	<u>5,958,408</u>	<u>-</u>	<u>5,958,408</u>	<u>5,314,540</u>
Total expenses				
Increase (decrease) in net assets	272,637	(300)	272,337	1,108,680
Net assets at beginning of year	7,837,091	104,174	7,941,265	6,832,585
Net assets at end of year	<u>\$ 8,109,728</u>	<u>103,874</u>	<u>8,213,602</u>	<u>7,941,265</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Pinellas County	\$ 3,886,964	-	3,886,964
Pinellas Public Library Cooperative	492,580	-	492,580
Other grant funding	78,730	-	78,730
Program and event fees	430,747	-	430,747
Facility rental fees	195,572	-	195,572
Contributions	311,135	13,326	324,461
In-kind contributions	463,710	-	463,710
Fines and other fees	51,529	-	51,529
Gain on debt forgiveness	439,885	-	439,885
Miscellaneous revenue	59,042	-	59,042
	<u>6,409,894</u>	<u>13,326</u>	<u>6,423,220</u>
Net assets released from restrictions:			
Satisfaction of use restrictions	<u>7,659</u>	<u>(7,659)</u>	<u>-</u>
Total support and revenue	6,417,553	5,667	6,423,220
Expenses:			
Program services	5,185,667	-	5,185,667
Supporting services	<u>128,873</u>	<u>-</u>	<u>128,873</u>
Total expenses	<u>5,314,540</u>	<u>-</u>	<u>5,314,540</u>
Increase in net assets	1,103,013	5,667	1,108,680
Net assets at beginning of year	<u>6,734,078</u>	<u>98,507</u>	<u>6,832,585</u>
Net assets at end of year	<u>\$ 7,837,091</u>	<u>104,174</u>	<u>7,941,265</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Functional Expenses

**Year Ended September 30, 2022
(With Comparative Totals for 2021)**

	<u>Program Services</u>			<u>Supporting Services</u>	<u>Total</u>	
	<u>Parks and Recreation</u>	<u>Library Services</u>	<u>Total</u>	<u>Management and General</u>	<u>2022</u>	<u>2021</u>
Salaries	\$ 706,528	1,451,359	2,157,887	65,264	2,223,151	2,013,734
Payroll taxes	52,293	109,591	161,884	-	161,884	154,469
Employee benefits	109,270	211,810	321,080	840	321,920	276,424
Total salaries and related expenses	868,091	1,772,760	2,640,851	66,104	2,706,955	2,444,627
Advertising	26,082	15,196	41,278	-	41,278	28,807
Collection development	-	124,098	124,098	-	124,098	119,334
Communications	14,652	20,998	35,650	925	36,575	37,691
Office equipment and supplies	34,095	82,156	116,251	237	116,488	86,607
Insurance	121,650	130,676	252,326	2,686	255,012	216,703
Professional fees	-	16,524	16,524	57,759	74,283	83,401
Programs and events	375,803	105,474	481,277	-	481,277	344,915
Repairs and maintenance	686,308	208,608	894,916	-	894,916	787,315
Software license fees	-	103,097	103,097	-	103,097	91,792
Travel	8,052	-	8,052	277	8,329	7,450
Utilities	112,797	65,746	178,543	-	178,543	146,373
In-kind	463,710	-	463,710	-	463,710	463,710
Other expenses	7,380	11,890	19,270	4,408	23,678	34,759
Total expenses before depreciation and amortization	2,718,620	2,657,223	5,375,843	132,396	5,508,239	4,893,484
Depreciation and amortization	287,025	163,144	450,169	-	450,169	421,056
Total expenses	\$ 3,005,645	2,820,367	5,826,012	132,396	5,958,408	5,314,540

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

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services			Supporting Services	Total
	Parks and Recreation	Library Services	Total	Management and General	
Salaries	\$ 669,750	1,283,376	1,953,126	60,608	2,013,734
Payroll taxes	55,360	99,109	154,469	-	154,469
Employee benefits	108,905	167,121	276,026	398	276,424
Total salaries and related expenses	834,015	1,549,606	2,383,621	61,006	2,444,627
Advertising	24,450	4,357	28,807	-	28,807
Collection development	-	119,334	119,334	-	119,334
Communications	15,780	20,371	36,151	1,540	37,691
Office equipment and supplies	20,822	65,294	86,116	491	86,607
Insurance	100,236	113,587	213,823	2,880	216,703
Professional fees	7,916	16,540	24,456	58,945	83,401
Programs and events	247,724	97,191	344,915	-	344,915
Repairs and maintenance	539,531	247,784	787,315	-	787,315
Software license fees	-	91,792	91,792	-	91,792
Travel	7,053	-	7,053	397	7,450
Utilities	90,228	56,145	146,373	-	146,373
In-kind	463,710	-	463,710	-	463,710
Other expenses	10,018	21,127	31,145	3,614	34,759
Total expenses before depreciation and amortization	2,361,483	2,403,128	4,764,611	128,873	4,893,484
Depreciation and amortization	267,312	153,744	421,056	-	421,056
Total expenses	\$ 2,628,795	2,556,872	5,185,667	128,873	5,314,540

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

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Cash Flows

Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase in net assets	\$ 272,337	1,108,680
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	450,169	421,056
Gain on debt forgiveness	-	(439,885)
Decrease (increase) in accounts receivable	47,263	(90,188)
Decrease in prepaid expenses	6,010	128
Increase (decrease) in accounts payable and accrued expenses	38,930	(70,157)
Increase (decrease) in deferred revenue - deposits	<u>9,863</u>	<u>(12,157)</u>
Net cash provided by operating activities	824,572	917,477
Cash flows from investing activities:		
Purchase of certificates of deposit	(201,476)	(154,227)
Property and equipment purchases	<u>(237,984)</u>	<u>(484,332)</u>
Net cash used in investing activities	<u>(439,460)</u>	<u>(638,559)</u>
Net increase in cash and cash equivalents	385,112	278,918
Cash and cash equivalents at beginning of year	<u>2,616,736</u>	<u>2,337,818</u>
Cash and cash equivalents at end of year	<u>\$ 3,001,848</u>	<u>2,616,736</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 1,911,080	1,269,936
Cash designated for long-term purposes	<u>1,090,768</u>	<u>1,346,800</u>
	<u>\$ 3,001,848</u>	<u>2,616,736</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

(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, 2018 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 2021 financial statements have been reclassified to conform to the 2022 presentation.

(m) Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that had not yet adopted Topic 842 to annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Agency is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In Fiscal 2022, the Agency adopted ASU No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for fiscal years beginning after June 15, 2021. Under the new guidance, contributions of nonfinancial assets should be presented as a separate line apart from contributed cash or other financial assets in the accompanying statement of activities. Under the new guidance, the disclosure of contributions of nonfinancial assets should be disaggregated by category, include qualitative information about whether contributed nonfinancial assets were monetized or utilized during the reporting period, and if monetized, include the Agency's policy about monetizing contributed nonfinancial assets, include a description of any donor-imposed restrictions on the use of contributed nonfinancial assets, and include a description of the valuation techniques used to arrive at fair value measurement in accordance with ASC Topic 820, *Fair Value Measurement*. The adoption of ASU No. 2020-07 had no effect on the Agency's financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(3) Property and Equipment

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
Construction in process	6,552	-	-	-	6,552
	<u>4,581,167</u>	<u>4,960,372</u>	<u>1,354,373</u>	<u>1,600,099</u>	<u>12,496,011</u>
Accumulated depreciation and amortization	<u>(3,218,109)</u>	<u>(3,636,824)</u>	<u>(595,681)</u>	<u>(426,809)</u>	<u>(7,877,423)</u>
	<u>\$ 1,363,058</u>	<u>1,323,548</u>	<u>758,692</u>	<u>1,173,290</u>	<u>4,618,588</u>

Property and equipment at September 30, 2021 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	3,579,845	3,011,135	1,026,068	1,580,496	9,197,544
Furniture and equipment	736,095	1,379,996	314,235	13,123	2,443,449
Vehicles	164,776	36,991	-	-	201,767
	<u>4,544,015</u>	<u>4,780,090</u>	<u>1,340,303</u>	<u>1,593,619</u>	<u>12,258,027</u>
Accumulated depreciation and amortization	<u>(3,039,491)</u>	<u>(3,536,849)</u>	<u>(532,512)</u>	<u>(318,402)</u>	<u>(7,427,254)</u>
	<u>\$ 1,504,524</u>	<u>1,243,241</u>	<u>807,791</u>	<u>1,275,217</u>	<u>4,830,773</u>

Depreciation and amortization expense for the years ended September 30, 2022 and 2021 was \$450,169 and \$421,056, 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).

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, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Palm Harbor Library replacement of building roof	\$ 49,896	52,021
Palm Harbor Library renovation of teen library room	4,933	5,428
Palm Harbor Library adult and child media collections	3,933	4,824
Palm Harbor Library specific programs	1,691	6,901
East Lake Library Outdoor Canopy	5,000	-
East Lake Library specific programs	3,421	-
Soccer concession stand	<u>35,000</u>	<u>35,000</u>
	<u>\$ 103,874</u>	<u>104,174</u>

(5) Equipment Leases

PHCSA leases a copier and modular space for its East Lake Community Library location and a copier lease for its Palm Harbor Library location. Rent expense for operating leases for the years ended September 30, 2022 and 2021 was approximately \$13,000 and \$14,000, respectively.

Future minimum lease payments under noncancellable operating leases as of September 30, 2022 are 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, 2022 and 2021 was approximately \$45,000 and \$34,000, 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, 2022 and 2021. 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) Paycheck Protection Program Loan

The Agency applied for and received a forgivable Paycheck Protection Program Loan of \$439,885 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on April 24, 2020. Under the terms of the loan, the balance was forgivable to the extent the proceeds were used for certain qualified costs for the 24 week period through October 9, 2020 and that certain employment levels were maintained. After meeting the requirements for loan forgiveness, the Agency received notice of a legal release from the obligation in June 2021, and therefore recognized a gain on debt forgiveness of \$439,885 for the year ended September 30, 2021.

(9) 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*.

(10) 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, 2022 and 2021.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(10) Liquidity and Availability of Resources - Continued

As of September 30, 2022 and 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,911,080	1,269,936
Cash designated for long-term purposes	1,090,768	1,346,800
Certificates of deposit	355,703	154,227
Funds held in custody of Pinellas County	280,330	336,230
Other receivables	86,030	77,393
Total financial assets	3,723,911	3,184,586
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions	(103,874)	(104,174)
Board-designated for long-term purposes	(1,090,768)	(1,346,800)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,529,269	1,733,612

(11) Subsequent Events

Management has evaluated subsequent events through March 16, 2023, 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, 2022

Assets	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Current assets:					
Cash and cash equivalents	\$ 502,678	518,113	118,646	771,643	1,911,080
Funds held in custody of Pinellas County	85,922	85,930	54,261	54,217	280,330
Other receivables	3,289	34,502	26,099	22,140	86,030
Certificates of deposit	-	154,227	100,744	-	254,971
Prepaid expenses	41,679	47,988	30,619	23,823	144,109
Total current assets	633,568	840,760	330,369	871,823	2,676,520
Cash designated for long-term purposes	788,200	175,685	126,883	-	1,090,768
Certificates of deposit, non current	-	-	100,732	-	100,732
Property and equipment, net	1,363,058	1,323,548	758,692	1,173,290	4,618,588
Other assets	445	-	835	-	1,280
	<u>\$ 2,785,271</u>	<u>2,339,993</u>	<u>1,317,511</u>	<u>2,045,113</u>	<u>8,487,888</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 63,386	106,187	49,180	12,153	230,906
Deferred revenue - deposits	43,380	-	-	-	43,380
Total current liabilities	106,766	106,187	49,180	12,153	274,286
Total liabilities	106,766	106,187	49,180	12,153	274,286
Net assets:					
Without donor restrictions:					
Undesignated	527,247	674,120	374,335	824,670	2,400,372
Board-designated for long-term purposes	788,200	175,685	126,883	-	1,090,768
Net investment in property and equipment	1,363,058	1,323,548	758,692	1,173,290	4,618,588
	2,678,505	2,173,353	1,259,910	1,997,960	8,109,728
With donor restrictions	-	60,453	8,421	35,000	103,874
Total net assets	2,678,505	2,233,806	1,268,331	2,032,960	8,213,602
	<u>\$ 2,785,271</u>	<u>2,339,993</u>	<u>1,317,511</u>	<u>2,045,113</u>	<u>8,487,888</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Combined Funds - Statement of Activities Information

Year Ended September 30, 2022

	<u>Palm Harbor Parks and Recreation</u>	<u>Palm Harbor Library</u>	<u>East Lake Community Library</u>	<u>East Lake Recreation</u>	<u>Total</u>
Support and revenue:					
Pinellas County	\$ 1,265,286	1,265,331	786,492	786,426	4,103,535
Pinellas Public Library Cooperative	-	317,827	228,735	-	546,562
Other grant funding	17,000	20,000	17,020	-	54,020
Program and event fees	591,599	-	-	-	591,599
Facility rental fees	184,581	2,073	-	4,158	190,812
Contributions	15,022	96,493	32,323	-	143,838
In-kind contributions	463,710	-	-	-	463,710
Fines and other fees	-	12,828	37,478	-	50,306
Miscellaneous revenue	46,172	24,129	15,343	719	86,363
Total support and revenue	2,583,370	1,738,681	1,117,391	791,303	6,230,745
Expenses:					
Program services	2,530,739	1,732,544	1,087,823	474,906	5,826,012
Supporting services	51,644	32,008	29,391	19,353	132,396
Total expenses	2,582,383	1,764,552	1,117,214	494,259	5,958,408
Increase (decrease) in net assets	987	(25,871)	177	297,044	272,337
Net assets at beginning of year	2,677,518	2,259,677	1,268,154	1,735,916	7,941,265
Net assets at end of year	\$ 2,678,505	2,233,806	1,268,331	2,032,960	8,213,602

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Fund and Functional Expenses

Year Ended September 30, 2022

	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total	Program Services		Supporting Services
						Parks and Recreation	Library Services	Management and General
Salaries	\$ 656,746	867,751	613,814	84,840	2,223,151	706,528	1,451,359	65,264
Payroll taxes	47,646	63,343	46,248	4,647	161,884	52,293	109,591	-
Employee benefits	98,052	138,855	72,955	12,058	321,920	109,270	211,810	840
Total salaries and related expenses	802,444	1,069,949	733,017	101,545	2,706,955	868,091	1,772,760	66,104
Advertising	26,082	12,965	2,231	-	41,278	26,082	15,196	-
Collection development	-	65,135	58,963	-	124,098	-	124,098	-
Communications	15,577	17,741	3,257	-	36,575	14,652	20,998	925
Office equipment and supplies	20,572	51,093	31,181	13,642	116,488	34,095	82,156	237
Insurance	105,632	80,118	51,998	17,264	255,012	121,650	130,676	2,686
Professional fees	16,349	27,214	18,776	11,944	74,283	-	16,524	57,759
Programs and events	375,803	76,185	29,289	-	481,277	375,803	105,474	-
Repairs and maintenance	466,192	150,685	57,923	220,116	894,916	686,308	208,608	-
Software license fees	-	62,411	40,686	-	103,097	-	103,097	-
Travel	7,359	-	136	834	8,329	8,052	-	277
Utilities	97,425	46,182	19,564	15,372	178,543	112,797	65,746	-
In-kind	463,710	-	-	-	463,710	463,710	-	-
Other expenses	6,620	4,899	7,024	5,135	23,678	7,380	11,890	4,408
Total expenses before depreciation and amortization	2,403,765	1,664,577	1,054,045	385,852	5,508,239	2,718,620	2,657,223	132,396
Depreciation and amortization	178,618	99,975	63,169	108,407	450,169	287,025	163,144	-
Total expenses	\$ 2,582,383	1,764,552	1,117,214	494,259	5,958,408	3,005,645	2,820,367	132,396