

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

**Financial Statements
and
Supplementary Information**

**September 30, 2020 and 2019
(With Independent Auditor's Report Thereon)**

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Palm Harbor Community Services Agency, Inc., which comprise the statements of financial position as of September 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palm Harbor Community Services Agency, Inc. as of September 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information listed in the table of contents is presented for purposes of additional analysis and is 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.

MAYER HOFFMAN MCCANN P.C.

March 17, 2021
Clearwater, Florida

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Financial Position

September 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 1,319,632	1,075,145
Funds held in custody of Pinellas County	270,124	249,647
Other receivables	53,311	55,807
Prepaid expenses	<u>150,247</u>	<u>92,063</u>
Total current assets	1,793,314	1,472,662
Cash designated for long-term purposes	1,018,186	615,713
Property and equipment, net	4,767,497	4,884,884
Other assets	<u>1,280</u>	<u>1,280</u>
	<u>\$ 7,580,277</u>	<u>6,974,539</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 262,133	283,231
Current installments of long-term debt	198,571	-
Deferred revenue - deposits	<u>45,674</u>	<u>46,164</u>
Total current liabilities	506,378	329,395
Long-term debt, excluding current installments	<u>241,314</u>	<u>-</u>
Total liabilities	747,692	329,395
Net assets:		
Without donor restrictions:		
Undesignated	948,395	1,046,944
Board designated for long-term purposes	1,018,186	615,713
Net investment in property and equipment	<u>4,767,497</u>	<u>4,884,884</u>
	6,734,078	6,547,541
With donor restrictions	<u>98,507</u>	<u>97,603</u>
Total net assets	<u>6,832,585</u>	<u>6,645,144</u>
	<u>\$ 7,580,277</u>	<u>6,974,539</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

**Year Ended September 30, 2020
(With Comparative Totals for 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Support and revenue:				
Pinellas County	\$ 3,680,657	-	3,680,657	3,504,627
Pinellas Public Library Cooperative	466,764	-	466,764	453,640
Other grant funding	62,374	-	62,374	78,484
Program and event fees	390,251	-	390,251	373,470
Facility rental fees	186,419	-	186,419	263,784
Contributions	122,813	6,342	129,155	111,684
In-kind contributions	463,710	-	463,710	463,710
Fines and other fees	30,590	-	30,590	52,245
Miscellaneous revenue	36,516	-	36,516	50,776
	<u>5,440,094</u>	<u>6,342</u>	<u>5,446,436</u>	<u>5,352,420</u>
Net assets released from restrictions:				
Satisfaction of use restrictions	5,438	(5,438)	-	-
	<u>5,445,532</u>	<u>904</u>	<u>5,446,436</u>	<u>5,352,420</u>
Expenses:				
Program services	5,131,339	-	5,131,339	4,926,619
Supporting services	127,656	-	127,656	129,601
	<u>5,258,995</u>	<u>-</u>	<u>5,258,995</u>	<u>5,056,220</u>
	<u>186,537</u>	<u>904</u>	<u>187,441</u>	<u>296,200</u>
Net assets at beginning of year	<u>6,547,541</u>	<u>97,603</u>	<u>6,645,144</u>	<u>6,348,944</u>
Net assets at end of year	<u>\$ 6,734,078</u>	<u>98,507</u>	<u>6,832,585</u>	<u>6,645,144</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Activities

Year Ended September 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Pinellas County	\$ 3,504,627	-	3,504,627
Pinellas Public Library Cooperative	453,640	-	453,640
Other grant funding	78,484	-	78,484
Program and event fees	373,470	-	373,470
Facility rental fees	263,784	-	263,784
Contributions	101,379	10,305	111,684
In-kind contributions	463,710	-	463,710
Fines and other fees	52,245	-	52,245
Miscellaneous revenue	<u>50,776</u>	<u>-</u>	<u>50,776</u>
	5,342,115	10,305	5,352,420
Net assets released from restrictions:			
Satisfaction of use restrictions	<u>243,736</u>	<u>(243,736)</u>	<u>-</u>
Total support and revenue	5,585,851	(233,431)	5,352,420
Expenses:			
Program services	4,926,619	-	4,926,619
Supporting services	<u>129,601</u>	<u>-</u>	<u>129,601</u>
Total expenses	<u>5,056,220</u>	<u>-</u>	<u>5,056,220</u>
Increase (decrease) in net assets	529,631	(233,431)	296,200
Net assets at beginning of year	<u>6,017,910</u>	<u>331,034</u>	<u>6,348,944</u>
Net assets at end of year	<u><u>\$ 6,547,541</u></u>	<u><u>97,603</u></u>	<u><u>6,645,144</u></u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Functional Expenses

**Year Ended September 30, 2020
(With Comparative Totals for 2019)**

	<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>2020</u>	<u>2019</u>
Salaries	\$ 744,124	1,309,570	2,053,694	60,236	2,113,930	1,863,454
Payroll taxes	55,490	97,754	153,244	-	153,244	132,678
Employee benefits	116,523	152,623	269,146	2,259	271,405	264,003
Total salaries and related expenses	916,137	1,559,947	2,476,084	62,495	2,538,579	2,260,135
Advertising	25,468	9,457	34,925	-	34,925	49,630
Collection development	-	104,114	104,114	-	104,114	119,726
Communications	15,233	20,870	36,103	1,096	37,199	34,269
Office equipment and supplies	32,508	43,247	75,755	305	76,060	136,673
Insurance	91,378	97,371	188,749	4,433	193,182	175,577
Professional fees	5,205	17,048	22,253	46,339	68,592	53,206
Programs and events	240,873	91,483	332,356	-	332,356	365,868
Repairs and maintenance	480,901	247,873	728,774	-	728,774	753,499
Software license fees	-	84,584	84,584	-	84,584	76,942
Travel	7,188	-	7,188	271	7,459	9,865
Utilities	101,668	54,506	156,174	-	156,174	159,917
In-kind	463,710	-	463,710	-	463,710	463,710
Other expenses	7,790	12,865	20,655	12,717	33,372	30,131
Total expenses before depreciation and amortization	2,388,059	2,343,365	4,731,424	127,656	4,859,080	4,689,148
Depreciation and amortization	253,240	146,675	399,915	-	399,915	367,072
Total expenses	\$ 2,641,299	2,490,040	5,131,339	127,656	5,258,995	5,056,220

See accompanying independent auditor's report and notes to financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statement of Functional Expenses

Year Ended September 30, 2019

	<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>	
Salaries	\$ 638,981	1,155,801	1,794,782	68,672	1,863,454
Payroll taxes	49,168	82,570	131,738	940	132,678
Employee benefits	119,959	138,720	258,679	5,324	264,003
Total salaries and related expenses	808,108	1,377,091	2,185,199	74,936	2,260,135
Advertising	26,442	23,188	49,630	-	49,630
Collection development	-	119,726	119,726	-	119,726
Communications	15,388	18,604	33,992	277	34,269
Office equipment and supplies	26,593	109,242	135,835	838	136,673
Insurance	78,690	91,874	170,564	5,013	175,577
Professional fees	5,689	5,035	10,724	42,482	53,206
Programs and events	254,877	110,991	365,868	-	365,868
Repairs and maintenance	485,354	268,145	753,499	-	753,499
Software license fees	-	76,942	76,942	-	76,942
Travel	9,797	-	9,797	68	9,865
Utilities	98,717	61,200	159,917	-	159,917
In-kind	463,710	-	463,710	-	463,710
Other expenses	15,241	8,903	24,144	5,987	30,131
Total expenses before depreciation and amortization	2,288,606	2,270,941	4,559,547	129,601	4,689,148
Depreciation and amortization	223,449	143,623	367,072	-	367,072
Total expenses	\$ 2,512,055	2,414,564	4,926,619	129,601	5,056,220

See accompanying independent auditor's report and notes to financial statements.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Statements of Cash Flows

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 187,441	296,200
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	399,915	367,072
Loss on disposal of equipment	6,481	-
Increase in accounts receivable	(17,981)	(28,685)
Increase in prepaid expenses	(58,184)	(3,432)
Increase (decrease) in accounts payable and accrued expenses	(21,098)	3,484
Decrease in deferred revenue - deposits	(490)	(8,424)
Net cash provided by operating activities	<u>496,084</u>	<u>626,215</u>
Cash flows from investing activities:		
Property and equipment purchases	<u>(289,009)</u>	<u>(947,189)</u>
Net cash used in investing activities	<u>(289,009)</u>	<u>(947,189)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>439,885</u>	<u>-</u>
Net cash provided by financing activities	<u>439,885</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	646,960	(320,974)
Cash and cash equivalents at beginning of year	<u>1,690,858</u>	<u>2,011,832</u>
Cash and cash equivalents at end of year	<u>\$ 2,337,818</u>	<u>1,690,858</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 1,319,632	1,075,145
Cash designated for long-term purposes	<u>1,018,186</u>	<u>615,713</u>
	<u>\$ 2,337,818</u>	<u>1,690,858</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements

September 30, 2020 and 2019

(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) **Deferred Revenue**

Deferred revenue consists of deposits made on the rental of White Chapel and Harbor Hall, a special events facility managed by PHCSA.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(2) **Summary of Significant Accounting Policies - Continued**

(g) **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, 2017 remain subject to examination.

(h) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

(i) **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.

(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) **Reclassifications**

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

(l) **Recent Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede most current revenue recognition guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, which deferred the provisions of ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that have not yet adopted Topic 606 to annual reporting periods beginning after December 15, 2019. The Agency is currently evaluating the full effect that the adoption of this standard will have on its financial statements.

In fiscal year 2020, the Agency adopted ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The contribution standard addresses inconsistency in revenue recognition when an item should be considered a contribution or an exchange type transaction subject to other guidance. It also provides guidance as to when a contribution should be considered conditional, which for example, is typically the case when funds are received under governmental grants and contracts. Conditional contributions have different revenue recognition when compared to non-reciprocal transfers of resources in that amounts are reflected as earned when barriers to entitlement are overcome with any difference being deferred where applicable.

The contribution standard was applied using the modified retrospective method. This method was applied to transactions that were not complete or had otherwise already been recognized as of the beginning of fiscal year 2020. The adoption of this guidance did not have an impact on the Agency’s combined financial statements.

In addition, certain changes from adopting this new standard resulted in changes to terminology which impacted certain disclosures and presentation of amounts.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(3) Property and Equipment

Property and equipment at September 30, 2020 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	2,963,744	1,034,446	1,222,500	8,800,535
Furniture and equipment	682,451	1,388,373	287,092	13,123	2,371,039
Vehicles	164,776	36,991	-	-	201,767
Construction in process	-	-	-	7,050	7,050
	<u>4,490,371</u>	<u>4,741,076</u>	<u>1,321,538</u>	<u>1,242,673</u>	<u>11,795,658</u>
Accumulated depreciation and amortization	<u>(2,864,529)</u>	<u>(3,454,534)</u>	<u>(477,231)</u>	<u>(231,867)</u>	<u>(7,028,161)</u>
	<u>\$ 1,625,842</u>	<u>1,286,542</u>	<u>844,307</u>	<u>1,010,806</u>	<u>4,767,497</u>

Property and equipment at September 30, 2019 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	3,559,904	2,945,366	1,034,446	871,050	8,410,766
Furniture and equipment	649,651	1,341,623	258,266	13,123	2,262,663
Vehicles	164,776	36,991	-	-	201,767
Construction in process	-	-	-	228,000	228,000
	<u>4,437,630</u>	<u>4,675,948</u>	<u>1,292,712</u>	<u>1,112,173</u>	<u>11,518,463</u>
Accumulated depreciation and amortization	<u>(2,694,866)</u>	<u>(3,373,439)</u>	<u>(416,984)</u>	<u>(148,290)</u>	<u>(6,633,579)</u>
	<u>\$ 1,742,764</u>	<u>1,302,509</u>	<u>875,728</u>	<u>963,883</u>	<u>4,884,884</u>

Depreciation and amortization expense for the years ended September 30, 2020 and 2019 was \$399,915 and \$367,072, respectively.

In July 2016, East Lake Community Library was awarded a \$1 million Library Construction Grant from the State of Florida for expansion of the existing facility which was fully expended as of September 30, 2019.

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, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Palm Harbor Library replacement of building roof	\$ 52,021	49,470
Palm Harbor Library renovation of teen library room	5,428	5,428
Palm Harbor Library adult and child media collections	4,854	5,168
Palm Harbor Library specific programs	1,204	2,537
Soccer concession stand	<u>35,000</u>	<u>35,000</u>
	<u>\$ 98,507</u>	<u>97,603</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, 2020 and 2019 was approximately \$14,000 and \$16,000, respectively.

Future minimum lease payments under noncancellable operating leases as of September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	
2021	\$ 13,205
2022	12,044
2023	12,044
2024	12,044
2025	<u>2,007</u>
Total future minimum lease payments	<u>\$ 51,344</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, 2020 and 2019 was approximately \$38,000 and \$21,000, respectively.

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(7) In-Kind Contributions

For the years ended September 30, 2020 and 2019, in-kind contributions consist of the following:

	<u>2020</u>	<u>2019</u>
Facility usage	\$ 463,710	463,710
	<u>\$ 463,710</u>	<u>463,710</u>

(8) Long-Term Debt

Long-term debt consists of the following at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Paycheck Protection Program loan with a fixed interest rate of 1.00% payable in monthly installments of \$18,250, including interest, beginning November 2020, with one final installment of \$131,359 in April 2022, unless forgiven.	\$ 439,885	-
Total long-term debt	439,885	-
Less current installments	<u>198,571</u>	<u>-</u>
Long-term debt, excluding current installments	<u>\$ 241,314</u>	<u>-</u>

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 is forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through October 9, 2020 and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due and payable in monthly installments beginning November 2020.

The aggregate maturities of long-term debt for each of the five years subsequent to September 30, 2020 and thereafter are as follows:

<u>Year Ending September 30,</u>	
2021	\$ 198,571
2022	<u>241,314</u>
	<u>\$ 439,885</u>

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(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, 2020 and 2019.

As of September 30, 2020 and 2019, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 1,319,632	1,075,145
Cash designated for long-term purposes	1,018,186	615,713
Funds held in custody of Pinellas County	270,124	249,647
Other receivables	53,311	55,807
Total financial assets	2,661,253	1,996,312
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions	(98,507)	(97,603)
Board-designated for long-term purposes	(1,018,186)	(615,713)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,544,560	1,282,996

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Notes to Financial Statements - Continued

(11) Risks and Uncertainties

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts will likely affect operations through the remainder of 2020, although such effects may vary significantly. The Agency’s operations have not been significantly impacted, however, the duration and extent of the pandemic and its effects over longer terms cannot be reasonably estimated as of the date the financial statements were available for issuance. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of the curtailment of program activities and the long-term effect on funding from government grants and contracts.

(12) Subsequent Events

Management has evaluated subsequent events through March 17, 2021, 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, 2020

Assets	Palm Harbor Parks and Recreation	Palm Harbor Library	East Lake Community Library	East Lake Recreation	Total
Current assets:					
Cash and cash equivalents	\$ 328,900	490,308	126,407	374,017	1,319,632
Funds held in custody of Pinellas County	84,078	77,017	54,692	54,337	270,124
Other receivables	-	42,215	10,001	1,095	53,311
Prepaid expenses	88,398	36,372	20,360	5,117	150,247
Total current assets	501,376	645,912	211,460	434,566	1,793,314
Cash designated for long-term purposes	519,968	182,196	316,022	-	1,018,186
Property and equipment, net	1,625,842	1,286,542	844,307	1,010,806	4,767,497
Other assets	445	-	835	-	1,280
	\$ 2,647,631	2,114,650	1,372,624	1,445,372	7,580,277
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 72,766	113,993	66,893	8,481	262,133
Current installments of long-term debt	76,399	65,270	48,372	8,530	198,571
Deferred revenue - deposits	42,025	3,649	-	-	45,674
Total current liabilities	191,190	182,912	115,265	17,011	506,378
Long-term debt, excluding current installments	92,846	79,319	58,784	10,365	241,314
Total liabilities	284,036	262,231	174,049	27,376	747,692
Net assets:					
Without donor restrictions:					
Undesignated	217,785	320,174	38,246	372,190	948,395
Board-designated for long-term purposes	519,968	182,196	316,022	-	1,018,186
Net investment in property and equipment	1,625,842	1,286,542	844,307	1,010,806	4,767,497
	2,363,595	1,788,912	1,198,575	1,382,996	6,734,078
With donor restrictions	-	63,507	-	35,000	98,507
Total net assets	2,363,595	1,852,419	1,198,575	1,417,996	6,832,585
	\$ 2,647,631	2,114,650	1,372,624	1,445,372	7,580,277

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Combined Funds - Statement of Activities Information

Year Ended September 30, 2020

	<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	\$ 1,120,132	1,112,703	723,913	723,909	3,680,657
Pinellas Public Library Cooperative	-	263,437	203,327	-	466,764
Other grant funding	12,374	25,000	25,000	-	62,374
Program and event fees	390,251	-	-	-	390,251
Facility rental fees	183,277	802	-	2,340	186,419
Contributions	7,251	86,790	35,114	-	129,155
In-kind contributions	463,710	-	-	-	463,710
Fines and other fees	-	15,231	15,359	-	30,590
Miscellaneous revenue	35,310	534	370	302	36,516
Total support and revenue	2,212,305	1,504,497	1,003,083	726,551	5,446,436
Expenses:					
Program services	2,147,711	1,499,676	990,364	493,588	5,131,339
Supporting services	59,004	26,820	25,315	16,517	127,656
Total expenses	2,206,715	1,526,496	1,015,679	510,105	5,258,995
Increase (decrease) in net assets	5,590	(21,999)	(12,596)	216,446	187,441
Net assets at beginning of year	2,358,005	1,874,418	1,211,171	1,201,550	6,645,144
Net assets at end of year	\$ 2,363,595	1,852,419	1,198,575	1,417,996	6,832,585

PALM HARBOR COMMUNITY SERVICES AGENCY, INC.

Schedule of Fund and Functional Expenses

Year Ended September 30, 2020

	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	\$ 702,194	764,674	570,130	76,932	2,113,930	744,124	1,309,570	60,236
Payroll taxes	51,185	54,622	43,132	4,305	153,244	55,490	97,754	-
Employee benefits	106,724	97,323	55,300	12,058	271,405	116,523	152,623	2,259
Total salaries and related expenses	860,103	916,619	668,562	93,295	2,538,579	916,137	1,559,947	62,495
Advertising	25,468	9,319	138	-	34,925	25,468	9,457	-
Collection development	-	44,691	59,423	-	104,114	-	104,114	-
Communications	16,329	16,462	4,408	-	37,199	15,233	20,870	1,096
Office equipment and supplies	28,387	30,947	12,436	4,290	76,060	32,508	43,247	305
Insurance	83,084	64,637	32,734	12,727	193,182	91,378	97,371	4,433
Professional fees	15,480	26,631	16,697	9,784	68,592	5,205	17,048	46,339
Programs and events	238,673	56,452	35,031	2,200	332,356	240,873	91,483	-
Repairs and maintenance	196,773	180,506	67,367	284,128	728,774	480,901	247,873	-
Software license fees	-	46,874	37,710	-	84,584	-	84,584	-
Travel	7,445	-	14	-	7,459	7,188	-	271
Utilities	85,636	38,159	16,347	16,032	156,174	101,668	54,506	-
In-kind	463,710	-	-	-	463,710	463,710	-	-
Other expenses	15,964	8,771	4,565	4,072	33,372	7,790	12,865	12,717
Total expenses before depreciation and amortization	2,037,052	1,440,068	955,432	426,528	4,859,080	2,388,059	2,343,365	127,656
Depreciation and amortization	169,663	86,428	60,247	83,577	399,915	253,240	146,675	-
Total expenses	\$ 2,206,715	1,526,496	1,015,679	510,105	5,258,995	2,641,299	2,490,040	127,656

See accompanying independent auditor's report.