

THE ATTIC YOUTH CENTER
FINANCIAL STATEMENTS
JUNE 30, 2025

THE ATTIC YOUTH CENTER
YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Attic Youth Center
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of The Attic Youth Center (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Attic Youth Center as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Attic Youth Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Attic Youth Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Attic Youth Center'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 Attic Youth Center'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.

Other Matters

Report on Summarized Comparative Information

We have previously audited The Attic Youth Center's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 6, 2025. In our opinion, the summarized comparative information in the Statements of Functional Expenses presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2026, on our consideration of The Attic Youth Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

O'Hara, Ward & Associates
Yardley, PA

February 13, 2026

**THE ATTIC YOUTH CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents.....	\$ 959,376	\$ 1,718,913
Contracts Receivable.....	199,239	335,578
Deposits.....	875	55,875
Prepaid Expenses.....	<u>34,204</u>	<u>33,232</u>
Total Current Assets.....	<u>1,193,694</u>	<u>2,143,598</u>
Property and Equipment Net of Accumulated		
Depreciation of \$523,143 and \$502,399.....	<u>4,023,281</u>	<u>431,666</u>
<u>Other Assets</u>		
Beneficial Interest in Assets Held by Philadelphia Foundation.....	<u>33,304</u>	<u>30,433</u>
Total Other Assets.....	<u>33,304</u>	<u>30,433</u>
TOTAL ASSETS.....	<u>\$ 5,250,279</u>	<u>\$ 2,605,697</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Liabilities.....	\$ 163,105	\$ 41,818
Accrued Payroll and Payroll Taxes.....	<u>309</u>	<u>259</u>
Total Current Liabilities.....	<u>163,414</u>	<u>42,077</u>
<u>Long Term Liabilities</u>		
Construction Loan Payable, net of Current Portion.....	<u>2,800,000</u>	<u>-</u>
Total Long Term Liabilities.....	<u>2,800,000</u>	<u>-</u>
Total Liabilities.....	<u>2,963,414</u>	<u>42,077</u>
<u>Net Assets</u>		
Net Assets Without Donor Restrictions.....	2,113,596	1,936,333
Net Assets With Donor Restrictions.....	<u>173,269</u>	<u>627,287</u>
Total Net Assets.....	<u>2,286,865</u>	<u>2,563,620</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 5,250,279</u>	<u>\$ 2,605,697</u>

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

**THE ATTIC YOUTH CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Individuals.....	\$ 468,901	\$ -	\$ 468,901
Foundations.....	785,068	69,071	854,139
Corporations.....	94,123	-	94,123
Donated Goods and Services.....	455,948	-	455,948
Government Contracts.....	522,357	-	522,357
Investment Gain/(Loss).....	18,048	-	18,048
Net Assets Released from Restrictions.....	<u>523,089</u>	<u>(523,089)</u>	<u>-</u>
Total Support and Revenues.....	<u>2,867,534</u>	<u>(454,018)</u>	<u>2,413,516</u>
<u>Expenses</u>			
Program Services.....	1,377,830	-	1,377,830
Supporting Services:			
Management and General.....	1,102,378	-	1,102,378
Fundraising Expense.....	<u>210,063</u>	<u>-</u>	<u>210,063</u>
Total Expenses.....	<u>2,690,271</u>	<u>-</u>	<u>2,690,271</u>
Change in Net Assets from Operations.....	177,263	(454,018)	(276,755)
Net Assets (Deficit), Beginning of Year.....	<u>1,936,333</u>	<u>627,287</u>	<u>2,563,620</u>
Net Assets (Deficit), End of Year.....	<u>\$ 2,113,596</u>	<u>\$ 173,269</u>	<u>\$ 2,286,865</u>

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

**THE ATTIC YOUTH CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Individuals.....	\$ 312,809	\$ -	\$ 312,809
Foundations.....	598,024	462,121	1,060,145
Corporations.....	131,763	5,000	136,763
Donated Goods and Services.....	184,285	-	184,285
Government Contracts.....	449,513	-	449,513
Special Events, Net of Expenses of \$137,690.....	161,386	-	161,386
Investment Gain/(Loss).....	26,536	-	26,536
Net Assets Released from Restrictions.....	<u>423,726</u>	<u>(423,726)</u>	<u>-</u>
Total Support and Revenues.....	<u>2,288,042</u>	<u>43,395</u>	<u>2,331,437</u>
<u>Expenses</u>			
Program Services.....	1,197,326	-	1,197,326
Supporting Services:			
Management and General.....	798,117	-	798,117
Fundraising Expense.....	<u>196,585</u>	<u>-</u>	<u>196,585</u>
Total Expenses.....	<u>2,192,028</u>	<u>-</u>	<u>2,192,028</u>
Change in Net Assets from Operations.....	96,014	43,395	139,409
Net Assets (Deficit), Beginning of Year.....	<u>1,840,319</u>	<u>583,892</u>	<u>2,424,211</u>
Net Assets (Deficit), End of Year.....	<u>\$ 1,936,333</u>	<u>\$ 627,287</u>	<u>\$ 2,563,620</u>

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

**THE ATTIC YOUTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)**

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
<u>Personnel</u>					
Salaries.....	\$ 879,455	\$ 226,742	\$ 148,430	\$ 1,254,627	\$ 1,078,037
Payroll Taxes.....	67,255	54,497	11,355	133,107	118,286
Employee Benefits.....	<u>131,570</u>	<u>15,764</u>	<u>25,075</u>	<u>172,409</u>	<u>139,709</u>
Total Personnel.....	<u>1,078,280</u>	<u>297,003</u>	<u>184,860</u>	<u>1,560,143</u>	<u>1,336,032</u>
<u>Operating Expenses</u>					
Professional Fees - In-kind.....	-	400,435	-	400,435	184,455
Professional Fees.....	80,155	219,431	1,625	301,211	254,355
Supplies.....	60,539	11,244	4,274	76,057	97,196
Travel Expenses.....	43,629	12,607	1,418	57,654	76,870
Supplies - In-kind.....	55,513	-	-	55,513	-
Repairs and Maintenance.....	1,279	50,321	6	51,606	62,943
Youth Stipends.....	40,277	2,329	-	42,606	38,232
Depreciation.....	-	31,633	-	31,633	27,342
Dues, Fees, and Subscriptions.....	-	27,575	-	27,575	24,889
Telephone and Utilities.....	10,676	13,096	3,213	26,985	25,516
Staff Training.....	571	16,504	-	17,075	13,859
Insurance.....	-	3,634	13,269	16,903	9,188
Rent.....	4,680	4,698	89	9,467	23,229
Postage and Printing.....	-	6,247	1,000	7,247	2,841
Equipment.....	407	4,398	-	4,805	5,087
Conferences and Meetings.....	1,824	376	309	2,509	8,130
Public Relations.....	-	847	-	847	1,590
Website.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274</u>
Total Operating Expenses.....	<u>299,550</u>	<u>805,375</u>	<u>25,203</u>	<u>1,130,128</u>	<u>855,996</u>
Total Expenses.....	<u>\$ 1,377,830</u>	<u>\$ 1,102,378</u>	<u>\$ 210,063</u>	<u>\$ 2,690,271</u>	<u>\$ 2,192,028</u>

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

**THE ATTIC YOUTH CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in Net Assets.....	\$ (276,755)	\$ 139,409
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	31,633	27,342
Unrealized (Gains)/Losses on Assets held by Philadelphia Foundation.....	(3,130)	(2,687)
(Increase) Decrease in Operating Assets:		
Contract Receivables.....	136,339	207,786
Deposits.....	55,000	(55,875)
Prepaid Expenses.....	(972)	(7,213)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses.....	<u>121,337</u>	<u>(3,805)</u>
Net Cash From Operating Activities.....	<u>63,452</u>	<u>304,957</u>
Cash Flows From Investing Activities:		
Beneficial Interest in Assets Held by The Philadelphia Foundation.....	259	259
Capital Expenditures.....	<u>(1,323,248)</u>	<u>(25,532)</u>
Net Cash From Investing Activities.....	<u>(1,322,989)</u>	<u>(25,273)</u>
Cash Flows From Financing Activities:		
Proceeds from Construction Loan.....	<u>500,000</u>	<u>-</u>
Net Cash From Financing Activities.....	<u>500,000</u>	<u>-</u>
Change in Cash and Cash Equivalents.....	(759,537)	279,684
Cash and Cash Equivalents, Beginning of Year.....	<u>1,718,913</u>	<u>1,439,229</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 959,376</u>	<u>\$ 1,718,913</u>
Supplemental Disclosures:		
Interest Paid.....	<u>\$ -</u>	<u>\$ -</u>
Acquisition of Property and Equipment with Long Term Debt and Capitalized Lease Obligations.....	<u>\$ 2,300,000</u>	<u>\$ -</u>

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

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 1. Summary of Significant Accounting Policies

Objectives of the Organization

The Attic Youth Center (the Attic) is Philadelphia's only agency exclusively serving lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth. Founded in 1993 as a support group for LGBTQ youth that met in the "attic" of a mainstream social service organization, The Attic has since grown into a comprehensive multi-service youth agency; serving youth ages 14-23. The Attic's mission is to create opportunities for LGBTQ youth to develop into healthy, independent, civic-minded adults within a safe and supportive community, and to promote the acceptance of LGBTQ youth in society. The Attic offers the following key programs:

1. The Life Skills Center provides individual and group opportunities for LGBTQ youth to learn, practice, and master the skills they will need to successfully transition into adulthood. Youth participate in support groups, workshops, internships, individual life coaching, mentoring, case management, housing navigation, and HIV testing and counseling. Programming is offered in five concentration areas:
 - a. Workforce Development
 - b. Academic Achievement
 - c. Health and Wellness
 - d. Homelessness Prevention and Remediation
 - e. Leadership Development and Civic Engagement
2. Mental Health Services provide individual and family therapy as well as therapeutic groups.
3. Supportive Services include daily meals and access to food, access to computers and other technology, daily drop-in, and access to other basic needs such as hygiene supplies.
4. The Bryson Institute of The Attic Youth Center provides training and workshops on the best practices in meeting the needs of LGBTQ youth in schools, social service agencies, faith communities, families, and neighborhoods.

Cash and Cash Equivalents:

For the purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less, except bank certificates of deposit and treasury obligations, to be cash equivalents. Bank CD's and treasury obligations are considered to be temporary investments, not cash equivalents.

The Organization's cash and cash equivalent accounts and interest-bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Basis of Financial Statement Presentation:

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

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

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

Contracts Receivable

Contracts receivables are recorded at the un-discounted amounts of earned contract revenues. A provision for doubtful accounts has not been established as management reviews all existing receivables and considers all accounts to be collectible based upon a favorable history over a substantial period of time.

Property and Equipment:

It is the Organization's policy to capitalize property and equipment over \$2,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Expenditures that enhance the useful lives of the assets are capitalized and depreciated. Expenditures for maintenance and repairs are charged to expenses as incurred. Property and equipment are depreciated over their estimated useful lives using the straight-line method. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Donated Services:

Contributed services are included in the financial statements as support and expenses in those cases where the services provided: (1) are significant and form an integral part of the efforts of the Organization, (2) would be performed by salaried personnel if contributed services were not available, and (3) the Organization controls the employment and duties of the service donors. The value of contributed services is based upon the actual salaries and benefits paid to the individual by the contributing organization. The value of the contribution of casual or occasional services is not included in the financial statements, since such services are not susceptible to objective measurement.

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Public Support and Revenue Recognition:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present values of their net realizable values, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

The Organization accounts for grant and contract revenues, which are exchange transactions, in the Statements of Activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. Any excess or deficiency of cash receipts over expenditures incurred is reported as "deferred income" or "government receivables", respectively. Upon termination, unexpended cash funds received under the terms of the grant provisions revert to the grantor, and are recorded as refundable advances in the Statements of Financial Position. Revenue from government contracts are reported as unrestricted when qualifying expenses are incurred.

Income from special events and fundraisers for the next fiscal year is deferred and recognized in the period that the events take place.

Compensated Absences:

While employed by the Organization employees are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. Employees leaving employment will not be paid for accumulated sick leave. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when earned, instead of when paid to employees.

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Management's Use of Estimates and Assumptions:

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category, including personnel costs and occupancy, have been allocated based on estimates made by management. Personnel and occupancy costs have been allocated based on time studies.

Right-of-Use (ROU) Assets and Lease Liability:

ROU asset represents the Organization's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Organization's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using its incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Organization will exercise the options. Operation lease expense is recognized on a straight-line basis over the term of the lease. As permitted by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, leases with an initial term of twelve months or less (short-term leases) are not recorded on the accompanying statement of financial position. The Organization had no leases at June 30, 2025 and 2024.

Comparative Financial Statements:

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Federal Income Tax Status:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Date of Management Evaluation of Subsequent Events:

In preparing the accompanying financial statements, Management has evaluated events and transactions for potential recognition or disclosure through February 13, 2026, the date on which the financial statements were available to be issued.

Note 2. Reclassifications

Certain reclassifications have been made to the 2024 financial statement presentation to correspond to the current year's formats. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 3. Property and Equipment

Property and equipment includes the following:

	Estimated useful lives in years	<u>2025</u>	<u>2024</u>
Land	-	\$ 48,490	\$ 48,490
Building and improvements	10-40	823,806	807,156
Construction in Progress	-	3,595,789	--
Equipment	5	<u>78,339</u>	<u>78,419</u>
		4,546,424	934,065
Accumulated depreciation		<u>(523,143)</u>	<u>(502,399)</u>
		<u>\$ 4,023,281</u>	<u>\$ 431,666</u>

Depreciation charged to expense for the years ended June 30, 2025 and 2024 was \$31,633 and \$27,342, respectively.

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 4. Fair Value Measurement

The fair value measurements accounting literature establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows: Level 1, Quoted Prices in Active Markets; Level 2, Observable Measurement Criteria; and Level 3, Unobservable Measurement Criteria.

For applicable assets and liabilities subject to this pronouncement, the Organization will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Organization will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization will develop measurement criteria based on the best information available. The Organization has only Level 2 investments.

The Organization's beneficial interest in assets held by Philadelphia Foundation is reported at fair value in the accompanying statement of financial position.

	<u>Fair Value</u>	<u>Level 2</u>
June 30, 2025		
Beneficial Interest	<u>\$ 33,304</u>	<u>\$ 33,304</u>
June 30, 2024		
Beneficial Interest	<u>\$ 30,433</u>	<u>\$ 30,433</u>

Unrealized gains/(losses) of \$2,871 and \$2,429 for the years ended June 30, 2025 and 2024, respectively, are included in investment gain/loss.

Note 5. Beneficial Interest in Assets Held by the Philadelphia Foundation

The Organization was awarded an endowment in 2000 that is held by Philadelphia Foundation (Foundation) (a community foundation). The Fund is qualified as a component part of the Organization. The Organization has variance power, but distributions to the Organization are based on the Foundation's spending policy (determined annually).

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 5. Beneficial Interest in Assets Held by the Philadelphia Foundation (Cont'd)

In accordance with FAS ASC 958, the original asset transfer has been recognized as an increase in an asset account entitled "Beneficial interest in assets held by The Philadelphia Foundation" in the statements of financial position. Subsequent changes in the value of that asset are recorded in the statements of activities and changes in net assets under investment loss. No distributions were made to the Organization during the years ended June 30, 2025 and 2024.

Note 6. Long Term Debt

Long term debt consists of the following as of June 30, 2025:

Note payable in monthly interest only payments, with interest computed at 5.59%; principal payments begin after 36 months or completion; amortized over 25 years, with a maturity date of July 31, 2029 and an option to extend the final maturity to July 31, 2034; collateralized by real estate.....	\$ 2,800,000
Current maturities.....	----- --
	<u>\$ 2,800,000</u>

Total maturities of long-term debt for the year ending June 30 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2026.....	\$ --
2027.....	--
2028.....	48,439
2029.....	55,745
2030.....	58,942
Thereafter.....	<u>2,636,874</u>
Total.....	<u>\$ 2,800,000</u>

Note 7. Line of Credit

The Organization has a line of credit with a maximum balance of \$250,000, which bears interest at the bank's commercial lending rate collateralized by the Organization's assets. The outstanding balances at June 30, 2025 and 2024 were \$-0-.

**THE ATTIC YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 8. Restrictions on Net Assets

Temporarily restricted net assets at June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Future Programs.....	\$ 173,269	\$ 627,287

Net assets were released from donor restrictions as follows:

	<u>2025</u>	<u>2024</u>
Current Programs.....	\$ 523,089	\$ 423,726

Note 9. Concentrations

The Organization received approximately 22% and 19% of its revenue and support from contracts with the City of Philadelphia for the years ended June 30, 2025 and 2024, respectively. These contracts must be applied for on an annual basis. The majority of contract receivables are due from the City of Philadelphia as of June 30, 2025 and 2024. The Organization also received approximately 10% and 11% of its revenue and support from one other donor for the years ended June 30, 2025 and 2024, respectively.

From time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Organization deposits its cash with credit worthy institutions and has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Note 10. Liquidity

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents.....	\$ 959,376	\$ 1,718,913
Contracts Receivable.....	<u>199,239</u>	<u>335,578</u>
	<u>\$ 1,158,615</u>	<u>\$ 2,054,491</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient program fees and other revenues as needed.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
The Attic Youth Center
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Attic Youth Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Attic Youth Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Attic Youth Center's internal control. Accordingly, we do not express an opinion on the effectiveness of The Attic Youth Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Attic Youth Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Hara, Ward & Associates
Yardley, PA

February 13, 2026