

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024



OVERTOWN YOUTH CENTER, INC. AND AFFILIATES

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Thomas & Company, CPA, PA

Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors,
Overtown Youth Center, Inc., and Affiliates
Miami, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Overtown Youth Center, Inc., and Affiliates (the Organization or OYC) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, consolidated statement of functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Overtown Youth Center, Inc., and Affiliates, as of June 30, 2025 and 2024 and the changes in their net assets and their 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by the Chapter 10.650, *Rules of the Florida Auditor General* 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 schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Supplementary Information (Continued)

The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025 on our consideration of OYC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of OYC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OYC's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Thomas S. Cooper CPA PA".

Thomas & Company, CPA, PA
Cooper City, Florida
October 28, 2025

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 9,275,147	\$ 8,596,116
Restricted Cash - Dinner Program	789,493	817,151
Restricted Cash - Scholarships	185,870	30,229
Restricted Cash - Capital Project and Reserves	267,504	498,150
Accounts Receivable	582,440	669,298
Other Current Assets	36,787	41,819
Total Current Assets	<u>11,137,241</u>	<u>10,652,763</u>
Non-Current Assets		
Investments	8,785,305	6,488,677
Pledges Receivable, net	398,554	773,685
New Market Tax Credit (NMTC) notes receivable	12,532,900	12,532,900
Property and Equipment, Net	22,013,386	21,695,522
Right-to-Use Assets, Net	128,028	13,449
Total Non-Current Assets	<u>43,858,173</u>	<u>41,504,233</u>
TOTAL ASSETS	<u>54,995,414</u>	<u>52,156,996</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	792,718	658,070
Deferred Revenue	420,106	1,900,000
Current Portion - Lease Liability	30,750	8,824
Total Current Liabilities	<u>1,243,574</u>	<u>2,566,894</u>
Non-Current Liabilities		
Security Deposit	75,000	75,000
NMTC notes payable, net of debt issuance costs	17,609,520	17,585,021
Non-Current Portion - Lease Liability	100,436	6,230
Total Non-Current Liabilities	<u>17,784,956</u>	<u>17,666,251</u>
TOTAL LIABILITIES	<u>19,028,530</u>	<u>20,233,145</u>
NET ASSETS		
Without Donor Restrictions	33,288,669	6,220,171
With Donor Restrictions	2,678,215	25,703,680
TOTAL NET ASSETS	<u>35,966,884</u>	<u>31,923,851</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 54,995,414</u>	<u>\$ 52,156,996</u>

“The accompanying notes are an integral part of this financial statement”

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND SUPPORT		
Grants	\$ 3,612,847	\$ 3,888,744
Contributions	5,393,069	4,589,456
Special events	555,026	322,139
In-kind contributions	451,813	644,545
Investment (loss) income, net	709,749	268,923
Rental Income	393,520	162,916
Bank Interest	303,899	234,931
Other income	1,060,140	125,329
TOTAL REVENUE AND SUPPORT	<u>12,480,063</u>	<u>10,236,982</u>
Reclassifications		
Satisfaction of Purpose or Time Restriction	24,867,789	71,613
TOTAL REVENUE AND SUPPORT AND NET ASSET RELEASED FROM RESTRICTIONS	<u>37,347,852</u>	<u>10,308,595</u>
EXPENSES:		
Program Services	8,678,801	8,244,867
Support Services:		
Management and general	982,141	971,083
Fundraising	618,412	496,005
TOTAL EXPENSES	<u>10,279,354</u>	<u>9,711,955</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	27,068,498	596,640
Contributions	1,755,444	1,725,000
Investment (loss) income, net	86,880	77,456
Net assets released from restrictions	(24,867,789)	(71,613)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(23,025,465)	1,730,843
CHANGE IN NET ASSETS	4,043,033	2,327,483
NET ASSETS AT BEGINNING OF YEAR	<u>31,923,851</u>	<u>29,596,368</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 35,966,884</u></u>	<u><u>\$ 31,923,851</u></u>

“The accompanying notes are an integral part of this financial statement”

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

DESCRIPTION	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	
Direct Expenses:				
Payroll	\$ 4,110,378	\$ 474,879	\$ 372,435	\$ 4,957,692
Payroll taxes and benefits	537,781	216,210	-	753,991
Total Direct Expenses	4,648,159	691,089	372,435	5,711,683
Indirect Expenses:				
NMTC fees (including interest)	161,358	73,112	-	234,470
Bank and finance charges	-	13,258	-	13,258
Depreciation and amortization	311,122	28,323	-	339,445
Equipment rental	4,093	-	-	4,093
Fees and memberships	35,486	9,783	-	45,269
Field trips	80,175	-	-	80,175
Insurance	103,986	25,997	-	129,983
Maintenance expense	326,362	-	-	326,362
Lease Expense	6,923	-	-	6,923
Office expenses	167,014	58,797	84,993	310,804
Occupancy	80	15	5	100
Student services	52,513	-	-	52,513
Food	491,884	-	-	491,884
Professional fees	224,574	38,394	-	262,968
Program Supplies	262,644	-	-	262,644
Travel and Transportation	373,145	10,888	-	384,033
Training and Seminars	15,700	-	-	15,700
Utilities	137,013	13,188	-	150,201
Miscellaneous	18,591	19,297	710	38,598
Events/Community/Partnerships	240,403	-	160,269	400,672
In-kind	451,813	-	-	451,813
Bad Debt	75,664	-	-	75,664
Client Assistance	198,432	-	-	198,432
Medical Services	291,667	-	-	291,667
Total Indirect Expenses:	4,030,642	291,052	245,977	4,567,671
Total Expenses	\$ 8,678,801	\$ 982,141	\$ 618,412	\$ 10,279,354

“The accompanying notes are an integral part of this financial statement”

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

DESCRIPTION	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
	PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	
Direct Expenses:				
Payroll	\$ 3,826,915	\$ 444,823	\$ 209,253	\$ 4,480,991
Payroll taxes and benefits	349,793	156,183	-	505,976
Total Direct Expenses	4,176,708	601,006	209,253	4,986,967
Indirect Expenses:				
NMTC fees (including interest)	-	236,205	-	236,205
Bank and finance charges	-	7,827	-	7,827
Depreciation and amortization	88,285	-	-	88,285
Donation to Affiliate	1,096,000	-	-	1,096,000
Equipment rental	22,533	-	-	22,533
Fees and memberships	28,193	7,574	-	35,767
Field trips	127,911	-	-	127,911
Insurance	90,438	22,610	-	113,048
Maintenance expense	253,538	-	-	253,538
Lease Expense	-	9,420	-	9,420
Office expenses	120,573	61,022	75,123	256,718
Occupancy	554	104	35	693
Student services	95,905	-	-	95,905
Food	412,051	-	-	412,051
Professional fees	43,013	6,122	-	49,135
Program Supplies	222,740	-	-	222,740
Travel and Transportation	358,850	10,750	-	369,600
Training and Seminars	16,197	-	-	16,197
Utilities	120,829	6,765	-	127,594
Miscellaneous	10,252	1,678	1,093	13,023
Events/Community/Partnerships	315,752	-	210,501	526,253
In-kind	644,545	-	-	644,545
Total Indirect Expenses:	4,068,159	370,077	286,752	4,724,988
Total Expenses	\$ 8,244,867	\$ 971,083	\$ 496,005	\$ 9,711,955

“The accompanying notes are an integral part of this financial statement”

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT 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	\$ 4,043,033	\$ 2,327,483
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities		
Depreciation	311,305	104,575
Amortization of deferred debt issuance costs	24,499	24,499
Amortization of discount on pledges receivable	(24,869)	(40,789)
Donor restricted contributions for capital campaign	1,755,444	1,725,000
Unrealized loss (gain) on investments	(796,629)	(2,870,601)
Amortization of lease asset	28,510	8,068
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	86,858	(18,124)
(Increase) decrease in Other Current Assets	5,032	-
Increase (decrease) in Deferred Revenue	(1,479,894)	1,900,000
Increase (decrease) in Other Non Current Liability	-	75,000
Increase (decrease) in accounts payable and accrued expenses	134,648	(754,516)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,087,937</u>	<u>2,480,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(629,169)	(95,595)
Purchases of investments	(1,500,000)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(2,129,169)</u>	<u>(95,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Donor restricted contributions for capital campaign	(1,755,444)	(1,725,000)
Collections of capital campaign pledges receivable	400,000	525,000
Payment on finance leases	(26,956)	(8,236)
Repayment of loan payable	-	(500,000)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(1,382,400)</u>	<u>(1,708,236)</u>
NET INCREASE / (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	576,368	676,764
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>9,941,646</u>	<u>9,264,882</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 10,518,014</u>	<u>\$ 9,941,646</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITY:		
Non-cash Operating and Investing Activity:		
Purchase of property and equipment recorded as accounts payable	\$ 157,258	\$ 279,829
Interest paid capitalized	-	1,349
Non Cash Recognition of Finance Lease (ROU Asset) as per ASC 842	143,089	-
Non Cash Recognition of Finance Lease (ROU Liability) as per ASC 842	\$ 143,089	\$ -

“The accompanying notes are an integral part of this financial statement”

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 1 - Nature of Activities

The Overtown Youth Center, Inc. (Overtown) is a non-profit charitable organization established and incorporated in the State of Florida in February 2001, as a 501(c)(3) organization. Overtown is an inner-city youth development center in Miami, Florida established for the purpose of helping to improve the lives of at-risk youth in South Florida as well as to give children and families of Overtown a place that instills a sense of pride through education enhancement activities, team sports, employability skills and diverse exposure opportunities. The major program activities include educational enrichment, recreational activities, tutoring services and prevention initiatives for drugs, crime and violence.

Prior to November 30, 2019, Overtown was an affiliate of Mourning Family Foundation, Inc. (MFF), a non-profit organization established and incorporated in the State of Florida in March 2001, as a 501(c)(3) organization. MFF's mission is to encourage the educational development of youth by creating programs and youth enrichment centers that promote positive change in low socioeconomic communities. The major programs established include Zo's Winter Groove and other youth program events and activities in and outside the South Florida area. During the year ended June 30, 2018, MFF began a capital campaign for the renovation and expansion of the facilities of Overtown.

Prior to November 30, 2019, Overtown was also related to Honey Shine, Inc. (HS), a non-profit organization established and incorporated in the State of Florida in September 2010, as a 501(c)(3) organization. HS's mission is to encourage the balance of mind, body, and soul in girls and young women by providing nurturing experiences that enlighten their paths and empower their futures. Overtown and HS were founded by the same family.

On November 30, 2019, Overtown acquired MFF and HS when the Board of Directors for the three organizations merged in an effort to operate more efficiently, leverage programmatic resources and create more consistency across the organizations. Prior to this, the organizations had separate boards and management. Overtown has majority control in the new collaborative board. Accounting principles generally accepted in the United States of America (U.S. GAAP) require the consolidation of entities under common control, with the entity with majority control as the reporting entity. Overtown did not pay any consideration in this transaction. Instead, it received all the assets and liabilities of MFF and HS as of the acquisition date. MFF and HS continue to be separate legal entities as of June 30, 2025 and 2024. The entities share key functional areas such as Executive Management, Human Resources and Finance.

During the year ended June 30, 2020, Overtown established OYC Property Holdings, Inc. (Holdings) to facilitate financing in arrangements structured under the New Market Tax Credit (NMTC) program. This program, enacted by Congress as part of the Community Renewal Relief Act of 2000, permits individual and corporate taxpayers to receive credit against federal and state income taxes for making Quality Equity Investment (QEI) loans in qualified community development entities (CDE). The NMTC transaction was effectuated during the year ended June 30, 2021 (Note 11). OYC Property Holdings is a non-profit charitable organization established and incorporated in the State of Florida in February 2020, as a 501(c)(3) organization.

Overtown, MFF, HS and Holdings are collectively referred to as OYC or the Organizations.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements reflect the consolidated financial position and results of operations and cash flows of Overtown, MFF, HS and Holdings. All intercompany transactions and balances have been eliminated upon consolidation.

Basis of Presentation

The consolidated financial statements of OYC are prepared on the accrual basis of accounting in accordance with U.S. GAAP. Assets are presented in the accompanying consolidated statements of financial position according to their nearness of their conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash. Net assets, revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of OYC and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of OYC's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of OYC or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities. During the year, all amounts which have been received for construction have been reclassified to without restrictions as the donor purpose has been met. The amount of the reclassification is \$ 24,867,789. As of June 30, 2025, and 2024 the Organization had \$ 2,678,215 and \$ 25,703,680, respectively, in net assets with donor restrictions.

Use of Estimates

The presentation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) as charitable organizations whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax and under similar provisions of the Florida Statutes. The Organizations currently have no unrelated business income. Accordingly, no provision for income taxes has been recorded as of June 30, 2025 and 2024.

The Organizations recognize and measure tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. No uncertain tax positions were identified by the Organizations as of June 30, 2025 and 2024.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2 - Summary of Significant Accounting Policies (Cont.)

Income Taxes (Cont.)

The U.S. federal jurisdiction is the major tax jurisdiction where the Organizations file income tax returns. Overtown, MFF and HS are generally no longer subject to U.S. Federal or State examinations by tax authorities for fiscal years before 2020. All years since inception are open for examination by U.S. Federal tax authorities for Holdings.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash held in checking and money market accounts with original maturities of three months or less. During the year ended June 30, 2022, OYC established restricted cash reserve accounts with closing proceeds from the NMTC transaction. The cash in these accounts is restricted to use for payment of NMTC fees and is shown within the line-item Restricted cash – capital project and reserves on the accompanying consolidated statements of financial position. OYC also maintains restricted cash accounts with amounts received in connection with certain programs, such as the capital campaign project. Cash received from donors restricted as to purpose or time is considered restricted cash.

Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows includes cash and cash equivalents of \$ 9,275,147 and \$ 8,596,116 at June 30, 2025 and 2024, respectively, and restricted cash of \$ 1,242,867 and \$ 1,345,530, at June 30, 2025 and 2024, respectively, as reported in the consolidated statements of financial position.

Accounts Receivable

Accounts receivable include amounts due for program services and are primarily related to grants and contracts with government agencies. The allowance for doubtful accounts is OYC's best estimate of the amount of probable credit losses in OYC's existing accounts receivable. OYC determines the allowance based on a review of individual receivables for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for collection is considered remote.

Investments

OYC reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the consolidated statements of financial position.

Investment gains and losses (including realized and unrealized gains and losses on investments, interest and dividends) are included in the accompanying consolidated statements of activities as increases or decreases in net assets without donor restrictions unless income or loss is restricted by donor or law. Investment fees are reported net of investment income.

Pledges Receivable, Net

Pledges receivable represent unconditional promises to give that have been made by donors but are unpaid as of the fiscal year-end and consist primarily of unconditional pledges from individuals, corporations, and foundations. Donors' promises to give cash and other assets that are conditional are not recognized until the conditions on which they depend are substantially met. Pledges receivable, net represent uncollected promises and are stated at the estimated net present value of the future cash flows using a rate of return appropriate for the expected term of the promise to give at the time initially recognized. The interest rate used in computing the discount of the estimated future cash flows is 10%.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2 - Summary of Significant Accounting Policies (Cont.)

Pledges Receivable, Net (Cont.)

All pledges are designated by the donors for the capital campaign project. No allowance was deemed necessary by management at June 30, 2025 and 2024.

One and two donors account for 94% and 97% of pledges receivable as of June 30, 2025 and June 30, 2024, respectively. There were no conditional promises to give as of June 30, 2025 and 2024.

Property and Equipment, Net

Property and equipment is stated at cost at date of acquisition or fair value at date of donation in the case of gifts, less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. Construction in progress represents design and architectural costs incurred for the OYC building expansion (Note 1). Construction in progress is not depreciated until put into service. OYC's policy is to capitalize all property and equipment expenditures greater than \$1,000.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the related assets, as follows:

Assets	Useful Life
Automobiles	5 Years
Computers and Software	3 Years
Furniture and Fixtures	7 Years
Building	45 Years

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the operating climate, indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows. Management determined that there was no impairment of long-lived assets during the years ended June 30, 2025 and 2024.

Revenue Recognition

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event OYC fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances. Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received are measured at their fair values and are reported as an increase in net assets. Unconditional promises are recognized at the estimated present value of the future cash flows using a risk-free rate.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2 - Summary of Significant Accounting Policies (Cont.)

Revenue Recognition (Cont.)

OYC reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as Net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions. OYC received donations from several sources including private individuals, corporations and private foundations.

Revenues from grants are recorded based upon terms of the grants agreement which generally provide that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the allowable services are provided to program participants. The amounts received under these grants and contracts are considered contributions and are designated for specific purposes by the granting agencies and conditional upon the incurrence of allowable qualifying expenses.

For exchange transactions, OYC applies Accounting Standards Codification 606, Revenue from Contracts with Customers (Topic 606). Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in the amount that reflects consideration the entity is entitled to receive in exchange for those goods or services.

Overtown conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event—the exchange component, and a portion represents a contribution to Overtown. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to Overtown. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit.

Revenue Recognition – Nonexchange Transactions - Grants

The organization receives grants and contribution revenue from a number of sources including the state government, private foundations, and other donors. Grants are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP. Grants that primarily provide commensurate value to the general public are reported as contributions and recognized as eligible grant activities are conducted.

In-kind Revenue and Expense

Donated items are reflected as support in the consolidated financial statements at their fair market values at date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by OYC. Volunteers also provided services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met. In addition, OYC has a property lease agreement with the City of Miami (Note 16).

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2 - Summary of Significant Accounting Policies (Cont.)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Certain administrative personnel perform duties which include both program and support functions. The expenses associated with these personnel are allocated based on the estimated hours devoted to each function. Other common administrative expenses are allocated based on the estimated utilization by the respective function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Allowance for Credit Loss

Effective July 1, 2023, the Agency adopted FASB ASC Topic 326, Financial Instruments – Credit Losses (CECL). This standard requires recognition of an allowance for expected credit losses for financial assets measured at amortized cost. The allowance for credit losses is measured based on historical collection experience, current conditions, and reasonable and supportable forecasts that affect collectability.

Note 3 – Restricted Cash

At June 30, 2025, restricted cash totaled \$ 1,242,867 (\$ 789,493 in “Dinner Program”, \$ 185,870 in “Scholarships”, and \$ 267,504 in “Capital Project and Reserve”). These funds were held at individual banks each. OYC was bound by contract to maintain the restricted cash in accounts at the bank, subjecting a significant balance to exceed the federally insured limits. The Capital Project and Reserve balance was contractually restricted under a grant agreement for the acquisition and development of a new location. The restriction will be removed as the funds are exhausted relating to the capital project and reserve funds.

Note 4 - Accounts Receivable

Accounts receivable of \$ 582,440 and \$ 669,298 at June 30, 2025 and 2024, respectively, are primarily from grantors. No allowance was deemed necessary as all amounts were collected subsequent to the years ended June 30, 2025 and 2024.

Note 5 - Pledges Receivable, Net

Pledges receivable, net, consists of the following at June 30:

As of June 30,	2025	2024
Pledges due in:		
Less than one year	\$ 225,000	\$ 125,000
One to five years	200,000	300,000
Over five years	-	400,000
	<u>425,000</u>	<u>825,000</u>
Less: Discount on long-term pledges	(26,446)	(51,315)
Pledges Receivable, net	\$ 398,554	\$ 773,685

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 5 - Pledges Receivable, Net (Continued)

The following represents the expected payment schedule of pledges receivable as of June 30, 2025

Years	Amount
2026	\$ 225,000
2027	100,000
2028	100,000
	\$ 425,000

Note 6 - Liquidity Management and Availability of Resources

OYC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In managing its liquidity needs, OYC monitors and maintains a cash float to cover general operating expenditures and operates on a strict budget.

The summary below reflects OYC's consolidated financial assets available within one year as of June 30, 2025 and 2024, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions.

As of June 30,	2025	2024
Cash and cash equivalents	\$ 9,275,147	\$ 8,596,116
Restricted cash - dinner program	789,493	817,151
Restricted cash - scholarships	185,870	30,229
Restricted cash - capital campaign	267,504	498,150
Accounts receivable	582,440	669,298
Investments	8,785,305	6,488,677
Pledges receivable, net	398,554	773,685
Total Financial Assets	20,284,313	17,873,306
Less: amounts not available to be used within one year		
Restricted cash for capital project	267,504	498,150
Other restricted scholarships	173,488	17,760
Restricted cash for scholarships and dinner program	801,875	847,380
Perpetual endowment	670,000	670,000
Accumulated earnings on endowment	617,646	530,766
Pledge receivables, net	398,554	773,685
Total Financial Assets Not Available to be Used Within One Year	2,929,067	3,337,741
Financial assets available to meet general expenditures within one year	\$ 17,355,246	\$ 14,535,565

The notes receivable for the NMTC are excluded from financial assets above as they will not be converted to cash in the next year.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 7 – Investments

For the year ended June 30, 2025, investments consist of net assets with and without donor restrictions. Investments are presented in the consolidated financial statements at their fair market values and consist of the following at June 30:

As of June 30,	2025	2024
Cash and cash equivalents	\$ 123,508	\$ 1,104,063
Fixed income	3,387,155	2,085,936
Non-Classifies	1,743	-
Equity securities	5,272,899	3,298,677
Total Investments	\$ 8,785,305	\$ 6,488,677

The following schedules summarize the investment income, net of fees and its classification in the consolidated statements of activities.

Year Ended June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Net unrealized gains	\$ 514,171	\$ 78,754	\$ 592,925
Interest, dividends and realized income, net of fees	195,578	8,126	203,704
Total Investment Income, net	\$ 709,749	\$ 86,880	\$ 796,629

Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Net unrealized gains	\$ 167,994	\$ 63,223	\$ 231,216
Interest, dividends and realized income, net of fees	100,929	14,233	115,162
Total Investment Income, net	\$ 268,923	\$ 77,456	\$ 346,379

Note 8 - Fair Value Measurements

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the 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) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under the FASB ASC are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 8 - Fair Value Measurements (Cont.)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Fixed income securities are valued at the closing price reported in the active market in which the individual securities are traded.

Equity securities are valued at the closing price reported in the active market in which the individual securities are traded.

The carrying amount of all financial assets and liabilities (except long term pledges receivables and the NMTC assets/liabilities) approximates fair value because of their short-term nature or market rates.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although OYC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table represents OYC's financial instruments measured at fair value on a recurring basis at June 30, 2025 for each of the fair value hierarchy levels:

Fair Value Measurement at Reporting Date Using:

Description	Fair Value 6/30/2025	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Fixed income securities				
Domestic Corporate Bonds	\$ -	\$ -	\$ -	\$ -
Equity securities				
Domestic equities	5,272,899	5,272,899	-	-
	\$ 5,272,899	\$ 5,272,899	\$ -	\$ -

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 8 - Fair Value Measurements (Cont.)

The following table represents OYC's financial instruments measured at fair value on a recurring basis at June 30, 2024 for each of the fair value hierarchy levels:

Fair Value Measurement at Reporting Date Using:

Description	Fair Value 6/30/2024	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Fixed income securities				
Domestic Corporate Bonds	\$ -	\$ -	\$ -	\$ -
Equity securities				
Domestic equities	3,298,677	3,298,677	-	-
	\$ 3,298,677	\$ 3,298,677	\$ -	\$ -

Note 9 - Property and Equipment, Net

Property and equipment, net, consists of the following at June 30:

Description	Balance at 07/01/2024	Additions	Deletions	Balance at 06/30/2025
Automobiles	\$ 127,814	\$ -	\$ -	\$ 127,814
Computer & Softwares	302,015	25,823	-	327,838
Furniture and Fixtures	431,534	90,948	-	522,482
Building	-	21,537,332	-	21,537,332
Construction In Progress	21,182,192	512,398	(21,537,332)	157,258
Total Fixed Assets	22,043,555	22,166,501	(21,537,332)	22,672,724
Less : Accumulated Depreciation	(348,033)	(311,305)	-	(659,338)
Total Property and Equipment, Net	\$ 21,695,522	\$ 21,855,196	\$ (21,537,332)	\$ 22,013,386

Depreciation expense was \$ 311,305 and \$ 104,575 for the years ended June 30, 2025 and 2024, respectively.

Construction in progress is of \$ 157,258 and \$ 21,182,192 as of June 30, 2025 and 2024, respectively. As of June 30, 2025, the construction of the new OYC facility was completed, and the related balance of \$21,182,192 previously reported under construction in progress has been transferred to buildings. The building balance now includes the completed facility. Accordingly, the building balance now includes the completed facility, and depreciation on the new facility has commenced in the current year. As of June 30, 2025, construction in progress consists retainage fees payable of \$157,258 related to construction contracts. These amounts will be transferred to the respective asset categories upon completion and when the assets are ready for their intended use. The remaining commitment to the general contractor is disclosed in Note 17.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 10 - NMTC – Notes Receivable and Notes Payable

NMTC notes receivables are comprised of the following at June 30:

Overtown Youth Center, Inc.	2025	2024
USBCDC Investment Fund 300, LLC with interest accruing at an annual rate of 1%. Interest-only quarterly payments are due through July 2027 (Compliance Period) and then principal and interest payments of \$145,357 due quarterly through maturity in July 2050	\$ 2,973,400	\$ 2,973,400
TNT-Overtown NMTC Fund, LLC with interest accruing at an annual rate of 1%. Interest-only quarterly payments are due through July 2027 (Compliance Period) and then principal and interest payments of \$582,958 due quarterly through maturity in July 2050.	9,559,500	9,559,500
	\$ 12,532,900	\$ 12,532,900

These related party transactions are eliminated upon consolidation. Interest income received by Overtown from the notes receivable was \$ 125,329 and \$ 125,329 during the year ended June 30, 2025 and 2024, respectively, and was eliminated upon consolidation.

NMTC notes payable are comprised of the following at June 30:

OYC Property Holdings, Inc.	2025	2024
CSDP Subsidiary CDE 13, LLC		
Loan A - 1	\$ 500,000	\$ 500,000
Loan A - 2	2,473,400	2,473,400
Loan B	946,600	946,600
FCNMF 31, LLC		
Loan A - 1	1,000,000	1,000,000
Loan A - 2	8,559,500	8,559,500
Loan B	4,840,500	4,840,500
	18,320,000	18,320,000
Less: Debt issuance costs of \$820,726, net of accumulated amortization of \$ 110,247 and \$ 85,747, respectively	(710,480)	(734,979)
	\$ 17,609,520	\$ 17,585,021

The notes payable to CSDP Subsidiary CDE 13, LLC totaling \$3,920,000 accrue interest at an annual rate of 1.16%. Interest-only quarterly payments are due through July 2027 (Compliance Period) and then principal and interest payments of \$165,605 are due through maturity in July 2054. The notes payable to FCNMF 31, LLC totaling \$14,400,000 accrue interest at an annual rate of 1.084%. Interest-only quarterly payments are due through July 2027 (Compliance Period) and then principal and interest payments of \$618,648 are due through maturity in July 2054.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 10 - NMTC – Notes Receivable and Notes Payable (Cont.)

Interest expense paid to CSDP Subsidiary CDE 13, LLC and FCNMF 31, LLC was \$ 201,568 and \$201,568 during the year ended June 30, 2025 and 2024, respectively.

In July 2020, Holdings obtained financing in an arrangement structured under the NMTC program. The NMTC program is administered by the United States Treasury and is designed to encourage capital investment and business operations within distressed or highly census tracts by offering investors a federal tax credit over a seven-year period (the Compliance Period) in exchange for the investments.

Under IRS guidelines for the NMTC program, Overtown was required to provide investment funding (leverage loans) into Qualified Equity Investment (QEI) funds: (1) USBCDC Investment Fund 300 (USBCDC), owned by U.S. Bancorp Community Development Corporation and (2) TNT-Overtown NMTC Fund, LLC (TNT), owned by The Northern Trust Company. The first seven years of the notes are defined as the Compliance Period. During the Compliance Period, only interest is paid. Thereafter, the loans are amortized with principal and interest payments required through maturity. Overtown used funds raised for the capital campaign and the bridge loan (Note 12) to fund these leverage loans. The leverage loans are recorded as New Market Tax Credit (NMTC) notes receivable in the accompanying consolidated statements of financial position.

As a component of the NMTC transaction, Holdings, also known as the Qualified Low-Income Community Investment (QLICI), received two loans from CDEs: (1) CSDP Subsidiary CDE 13, LLC (CSDP) and (2) FCNMF 31, LLC (FCNMF). USBCDC is the majority owner in CSDP, and TNT is the majority owner in FCNMF. During the Compliance Period, only interest is paid. Thereafter, the loans are amortized with principal and interest payments required through maturity. The loans are recorded as NMTC notes payable in the accompanying consolidated statements of financial position and are recorded net of debt issuance costs.

There are put and call agreements between the Organizations and the other investors in the QEI funds (which have ownership interests in the CDEs making the loans). If the other investors do not exercise their put options, Organizations have the ability to call the ownership in the interest in the QEI funds for fair market value. It is anticipated that the NMTC investors will put their option, and Organizations will own the QEI funds at the end of the Compliance Period. However, if the other investors do not put their interest, management plans to exercise its option to call. By acquiring the ownership interests, Organizations would be in a position to forgive the NMTC notes payable, resulting in substantial reduction in outstanding debt and recognition of the benefits from the NMTC program (in turn, it is expected that the Organizations would forgive the NMTC notes receivable).

In July 2027, the NMTC Compliance Period will end. In the opinion of management, it is expected that the other investors in the QEI funds will exercise their put option related to the transaction, which will retire the debt and the related notes receivable.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 11 - Contributions of Non-Financial Assets

Contributed non-financial assets during the years ended June 30, 2025 and 2024 were as follows:

Contributions of Nonfinancial Assets				
Non-financial Asset	30-Jun-25	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated Office Expenses	\$ 15,933	Youth Development	No Donor Restrictions	The Organization estimated the fair value of laptops, office and school supplies, and other miscellaneous items based on comparable market values
Donated Furniture	3,009	Youth Development	No Donor Restrictions	The Organization estimated the fair value of furniture based on comparable market values
Program Goods	35,791	Youth Development	No Donor Restrictions	The Organization estimated the fair value of shoes and clothing provided based on comparable market values
Donated Food	42,700	Youth Development	No Donor Restrictions	The Organization estimated the fair value boxed food, canned goods, beverages, and meals provided based on comparable market values.
Other Donated Goods	306,380	Youth Development	No Donor Restrictions	The Organization estimated the fair value toys and other miscellaneous items based on comparable market values
Donated Space	48,000	Youth Development	No Donor Restrictions	The Organization estimated the fair value of Warehouse Space based on comparable market values
				\$ 451,813

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 11 - Contributions of Non-Financial Assets (Continued)

Contributions of Nonfinancial Assets				
Non-financial Asset	30-Jun-24	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated Office Expenses	\$ 10,974	Youth Development	No Donor Restrictions	The Organization estimated the fair value of laptops, office and school supplies, and other miscellaneous items based on comparable market values
Donated Furniture	5,153	Youth Development	No Donor Restrictions	The Organization estimated the fair value of furniture based on comparable market values
Program Goods	284,000	Youth Development	No Donor Restrictions	The Organization estimated the fair value of shoes and clothing provided based on comparable market values
Donated Food	620	Youth Development	No Donor Restrictions	The Organization estimated the fair value boxed food, canned goods, beverages, and meals provided based on comparable market values.
Other Donated Goods	211,883	Youth Development	No Donor Restrictions	The Organization estimated the fair value toys and other miscellaneous items based on comparable market values
Other Donated Services	131,915	Youth Development	No Donor Restrictions	The Organization estimated the fair value of services based on comparable market values
<hr/>				
\$ 644,545				

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 12 - Line of Credit

MFF has a revolving line of credit from a financial institution with a maximum borrowing amount of \$150,000. The line of credit has been renewed several times and its current maturity date is November 15, 2025. Subsequent to the year ended June 30, 2022, the line of credit was renewed and amended to increase the maximum borrowing rate to \$500,000. The line of credit has a variable interest rate based on the Wall Street Journal prime rate plus 2.39% and cannot be less than 5.39%, resulting in an interest rate of 10.89% and 10.64% at June 30, 2025 and 2024, respectively. The line of credit is secured by receivables and property and equipment. There was no interest expense in connection with line of credit during the year ended June 30, 2025 and 2024. There were no borrowings on the line of credit during the year ended June 30, 2025. There was no balance outstanding as of June 30, 2025, and 2024.

Note 13 - Significant Grantors and Contributors

OYC receives revenue from various sources, which help fund the operational activities of the center and fund the capital project. Three and one donors accounted for 42% and 26% of total contributions from the public during the years ended June 30, 2025 and 2024, respectively. Two and two grantors accounted for 72% and 66% of total grant revenue during the years ended June 30, 2025 and 2024, respectively.

Note 14 - Net Assets

Net assets without donor restrictions are used to support the operating activities of OYC. The major program activities are described in Note 1.

Net assets with donor restrictions consist of the following at June 30:

As of June 30,	2025	2024
Restricted by donors with specific purpose restrictions:		
Dinner program	\$ 939,493	\$ 817,151
Scholarship program	185,870	47,989
Perpetual endowment and related accumulated earnings	1,287,646	1,200,766
Capital project	265,206	22,864,089
Restricted by donors with time restrictions:		
Pledges receivable for capital project	-	773,685
Net Assets	\$ 2,678,215	\$ 25,703,680

The dinner program is designed to ensure that children and adolescents are provided with meals during after-school hours. The scholarship program is designed to help young adults pay for incidental costs and fees to attend higher level educational institutions. Unappropriated earnings from the endowment are recorded as net assets with donor restrictions until they are appropriated. Funds collected for the capital project are restricted until the purpose restrictions from the donor are met.

During the year ended June 30, 2009, Overtown received contributions to establish an endowment. The endowment was established to help Overtown in perpetuity to carry out its mission. Up to 5% of the endowment earnings can be appropriated for expenditure.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 14 - Net Assets (Continued)

Changes in and releases from restrictions are summarized below:

As of June 30,	2025	2024
Dinner program	\$ 250,000	\$ 150,000
Endowment-related earnings	86,880	77,456
Restricted for capital project	1,349,715	1,575,000
Restricted for Scholarships	155,729	-
Total Additions	1,842,324	1,802,456
Program restriction accomplished - Capital Project	(12,968,872)	-
Program restriction accomplished - Capital Campaign	(11,753,412)	-
Program restriction accomplished - Dinner	(127,658)	(71,613)
Program restriction accomplished - Scholarships	(17,847)	-
Total Releases from Restrictions	\$ (24,867,789)	\$ (71,613)

Note 15 – Endowment

Overtown's endowment consists of individual funds established for a variety of purposes and is comprised of donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). Overtown has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Overtown classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Overtown in a manner consistent with the standard of prudence prescribed by FUPMIFA.

OYC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

- (1) The duration and preservation of the fund
- (2) The purposes of Overtown and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Overtown
- (7) The investment policies of Overtown.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 15 – Endowment (Continued)

Summary of Endowment Net Assets as of June 30, 2025:

As of June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Original donor restricted gift in perpetuity	\$ -	\$ 670,000	\$ 670,000
Accumulated earnings on restricted gift	-	617,646	617,646
Total Endowment Net Assets	\$ -	\$ 1,287,646	\$ 1,287,646

Summary of Endowment Net Assets as of June 30, 2024:

As of June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Original donor restricted gift in perpetuity	\$ -	\$ 670,000	\$ 670,000
Accumulated earnings on restricted gift	-	530,766	530,766
Total Endowment Net Assets	\$ -	\$ 1,200,766	\$ 1,200,766

Changes in Endowment Net Assets during the year ended June 30, 2025:

For the year ended June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 1,200,766	\$ 1,200,766
Interest, dividends and realized income, net	-	8,126	8,126
Unrealized gains	-	78,754	78,754
Total Endowment Net Assets	\$ -	\$ 1,287,646	\$ 1,287,646

Changes in Endowment Net Assets during the year ended June 30, 2024:

For the year ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 1,123,310	\$ 1,123,310
Interest, dividends and realized income, net	-	14,233	14,233
Unrealized gains	-	63,223	63,223
Total Endowment Net Assets	\$ -	\$ 1,200,766	\$ 1,200,766

Endowment assets are invested as follows:

As of June 30,	2025	2024
Investments	\$ 1,287,646	\$ 1,200,766
Total	\$ 1,287,646	\$ 1,200,766

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 15 – Endowment (Cont.)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires Overtown to retain as a fund of perpetual duration, which was \$ 670,000 for the years ended June 30, 2025 and 2024. In accordance with U.S. GAAP, no deficiencies of this nature existed at June 30, 2025 and 2024.

Return Objectives and Risk Parameters

Overtown has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Overtown must hold in perpetuity or for a donor-specified period(s). Overtown expects its endowment funds, over time, to provide a rate of return in excess of the original donor-restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

Overtown's endowment assets are invested in fixed income and mutual funds. Overtown has adopted an investment policy designed to optimize returns without exposure to undue risk. The policy takes into consideration that fluctuating rates of return are characteristic of the securities market, therefore the greatest concern is long-term appreciation of the assets and consistency of total portfolio returns.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The principal amount cannot be expended; however, the earnings generated by the original donated principal are available to be expended. Management has executed an endowment policy authorizing up to 5% of earnings be set aside for Overtown's operational activities if deemed necessary. In establishing this policy, Overtown considered the long-term expected return on its endowment. Accordingly, over the long term, Overtown expects the current spending policy to allow its endowment to grow.

Note 16 – Leases

The Organization as a Lessor

Long-term Leases

The terms of Overtown's long term lease are as follows:

Overtown entered into a lease agreement with a party (lessee). Overtown leases space agreeing to make premises available for use by the lessee on a non-exclusive basis to operate a Public Charter School during the term of this Agreement. The operating lease agreement was entered on July 1, 2023, with a lease term of 10 years, ending in June 2033. The Agreement shall automatically renew at the expiration of the Initial Term for an additional term of 5 years unless either party shall provide the other with a minimum of 180 days advance written notice of its intention not to renew at the end of the Initial Term. Variable lease payments are defined as payments that cannot be forecasted. There are no variable lease payments. There are no purchase options in the lease.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 16 – Leases (Continued)

The Organization as a Lessor (Continued)

Long-term Leases (Continued)

The amount of the annual usage reimbursement for the Initial Term of this Agreement shall be \$ 217,536, which shall be payable in equal monthly instalments of \$ 18,128. The total lease revenue received for the year as rental income is \$ 217,536.

The Organization as a Lessee

Property Lease

In 2000, Overtown entered into a five-year lease agreement with the City of Miami for the use of property upon which facilities were constructed by OYC to provide public educational and recreational opportunities to inner-city youth and their families in the Overtown area. Overtown has exercised several options to extend the agreement and currently the lease is valid until February 2066. The lease stipulates that Overtown pays the City of Miami an annual rent of one dollar. Overtown is also responsible for the operation and maintenance of the premises.

Short-term Leases

The Organization elected the short-term leases of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to elect not to record “short-term” leases on the balance sheet. These practical expedients are applied to the class of underlying leased assets which are not owned including real estate, rental equipment and vehicles given their physical nature and similar characteristics of these assets.

As per FASB ASC 842, a short-term lease is a lease that, at the commencement date, has a ‘lease term’ of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Although short-term leases are in the scope of Topic 842, a simplified form of accounting is permitted. A lessee can elect, by class of underlying asset, not to apply the recognition requirements of Topic 842 and instead to recognize the lease payments as lease cost on a straight-line basis over the lease term. OYC believes that the short-term lease exemption is appropriate for its month-to-month leases because the leases have a short term and they do not have any significant intention to exercise any renewal options. With respect to operating leases, FASB ASC 842 did not have a material impact on the financial statements, since OYC leases office space on a month-to-month basis, this new standard is not applicable. The terms of the lease are \$1,000 per month.

Long-term Leases (finance lease)

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to carry forward the historical lease classification and not reassess whether any expired or existing contracts contain a lease.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 16 – Leases (Continued)

Long-term Leases (finance lease)

The Organization entered into following finance lease agreement for equipment (copier):

1. The Organization entered into a finance lease on December 1, 2020, to purchase office equipment. The lease term is for 63 months with monthly lease payments of \$ 799. The Company is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Company's assets and liabilities. The incremental borrowing rate used for the lease implementation was 6.91% which was the interest rate of the outstanding loan as of July 1, 2022.
2. The Organization entered into a finance lease on October 18, 2024, to purchase office equipment. The lease term is for 63 months with monthly lease payments of \$ 2,699. The Company is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Company's assets and liabilities. The incremental borrowing rate used for the lease implementation was 6.91%.

The following is an analysis of the leased assets:

For the year ending June 30,	2025	2024
Finance Lease Asset (ROU)	\$ 172,674	\$ 29,585
Less: Accumulated Amortization	(44,646)	(16,136)
Finance Lease Asset, Net	\$ 128,028	\$ 13,449

The following is an analysis of the finance lease cost:

Finance Lease Cost	2025	2024
Amortization of right-of-Use Assets	\$ 28,510	\$ 8,068
Interest on Lease Liabilities	6,923	1,352
Total Finance Lease Cost	\$ 35,433	\$ 9,420

The following is a schedule by years of future minimum payments required under the lease:

Year	Amount
2026	\$ 38,780
2027	32,388
2028	32,388
2029	32,388
2030	16,194
Total Lease Payments	152,138
Less: Imputed Interest	(20,952)
Present Value of Lease Obligations	\$ 131,186

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 17 - Commitments and Contingencies

Construction Contract

During the year ended June 30, 2020, OYC Property Holdings, Inc. (Note 1) entered into a construction contract with an unrelated third party for the construction of the OYC facilities. The estimated remaining commitment under the contract is approximately \$ 157,258 as of June 30, 2025.

Grants

OYC participates in a number of federal, state and local grant assistance programs. Amounts received and expended under various federal, state and local programs are subject to audits by governmental agencies and/or other agencies to determine if activities undertaken by OYC comply with conditions of the grants. Management believes that no material liability will arise from any such audits.

Note 18 - Risks and Uncertainties

Concentration of Credit Risk

Financial instruments which potentially subject OYC to concentrations of credit risk consist principally of cash, cash equivalents and restricted cash, receivables and investments. OYC places its cash and cash equivalents and investments with highly rated financial institutions, and, by policy, limits the amount of credit exposure to any one institution. Although cash balances may exceed federally insured limits at times during the year, OYC has not experienced any losses in such accounts.

Accounts receivable, including grants and contracts receivable, credit risk is limited due to the nature of the grants and contracts. OYC regularly monitors its grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. OYC considers all receivables as collectible.

Litigation

In the ordinary course of business, OYC is involved in various legal proceedings. Based upon OYC's evaluation of the information presently available, management believes that the ultimate resolution of any such proceedings will not have a material adverse effect on OYC's financial position, liquidity or results of operations.

Note 19 - Employee Retention Credit

The Employee Retention Credit (ERC) is a federal tax credit introduced under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and subsequently extended by the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act. The credit is designed to provide financial assistance to eligible employers that have been adversely affected by the COVID-19 pandemic and have retained their employees. The Organization received Employee Retention Tax Credit (ERTC) proceeds of \$ 744,942 and related interest income of \$ 189,869 during the year. The total amount of \$ 934,811 has been presented under "Other Income" in the "Statement of Activities".

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 20 - Defined Contribution Plan

One of the retirement benefits that the Organization provides to the employees is a 403 (b) Thrift Plan. It is a Defined Contribution Plan and is administered by a financial institution. Any employee who is 21 or older is eligible to participate in the plan if the employee has completed one year of service with the agency. Employees can contribute any percentage of their salary up to the maximum permitted by the law. 16 employees are currently enrolled in the plan. During the fiscal year ended June 30, 2025 the Employee contribution was \$ 71,929. The Employer contribution during the fiscal year was \$ 30,784.

Note 21 - Subsequent Events

ASC Topic 855, Subsequent Events, establishes general standards of accounting for and disclosure of events that occur after the consolidated balance sheet date but before consolidated financial statements are issued or are available to be issued.

For the year ended June 30, 2025, OYC has evaluated all subsequent events through October 28, 2025, which is the date the consolidated financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition or disclosure in these consolidated financial statements that have not already been accounted for.

**OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025

	<u>OVERTOWN YOUTH CENTER</u>	<u>OYC PROPERTY HOLDINGS</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 9,275,147	\$ -	\$ -	\$ 9,275,147
Restricted Cash - Dinner Program	789,493	-	-	789,493
Restricted Cash - Scholarships	185,870	-	-	185,870
Restricted Cash - Capital Project and Reserves	2,298	265,206	-	267,504
Accounts Receivable	582,440	-	-	582,440
Other Current Assets	36,787	-	-	36,787
Total Current Assets	10,872,035	265,206	-	11,137,241
Non-Current Assets				
Investments	8,785,305	-	-	8,785,305
Pledges Receivable, net	398,554	-	-	398,554
New Market Tax Credit (NMTC) notes receivable	12,532,900	-	-	12,532,900
Property and Equipment, Net	507,616	21,505,770	-	22,013,386
Right-to-Use Assets, Net	128,028	-	-	128,028
Total Non-Current Assets	22,352,403	21,505,770	-	43,858,173
TOTAL ASSETS	33,224,438	21,770,976	-	54,995,414
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses	635,460	157,258	-	792,718
Deferred Revenue	420,106	-	-	420,106
Current Portion - Lease Liability	30,750	-	-	30,750
Total Current Liabilities	1,086,316	157,258	-	1,243,574
Non-Current Liabilities				
Security Deposit	75,000	-	-	75,000
NMTC notes payable, net of debt issuance costs	-	17,609,520	-	17,609,520
Non-Current Portion - Lease Liability	100,436	-	-	100,436
Total Non-Current Liabilities	175,436	17,609,520	-	17,784,956
TOTAL LIABILITIES	1,261,752	17,766,778	-	19,028,530
NET ASSETS				
Without Donor Restrictions	29,549,677	3,738,992	-	33,288,669
With Donor Restrictions	2,413,009	265,206	-	2,678,215
TOTAL NET ASSETS	31,962,686	4,004,198	-	35,966,884
TOTAL LIABILITIES AND NET ASSETS	\$ 33,224,438	\$ 21,770,976	\$ -	\$ 54,995,414

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>WITHOUT RESTRICTIONS</u>		<u>WITH RESTRICTIONS</u>			
	<u>OVERTOWN YOUTH CENTER</u>	<u>OYC PROPERTY HOLDINGS</u>	<u>OVERTOWN YOUTH CENTER</u>	<u>OYC PROPERTY HOLDINGS</u>	<u>ELIMINATION S</u>	<u>TOTAL</u>
REVENUE AND SUPPORT						
Grants	\$ 3,612,847	\$ -	\$ -	\$ -	\$ -	\$ 3,612,847
Contributions	5,393,069	62,000	1,755,444	-	(62,000)	7,148,513
Special events	555,026	-	-	-	-	555,026
In-kind contributions	451,813	-	-	-	-	451,813
Investment (loss) income, net	709,749	-	86,880	-	-	796,629
Rental Income	393,520	-	-	-	-	393,520
Bank Interest	303,899	-	-	-	-	303,899
Other income	1,060,140	2,099,415	-	-	(2,099,415)	1,060,140
TOTAL REVENUE AND SUPPORT	<u>12,480,063</u>	<u>2,161,415</u>	<u>1,842,324</u>	<u>-</u>	<u>(2,161,415)</u>	<u>14,322,387</u>
Net Assets Released From Restrictions:						
Satisfaction of Purpose or Time Restriction:	23,165,691	1,702,098	(23,165,691)	(1,702,098)	-	-
TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS	<u>35,645,754</u>	<u>3,863,513</u>	<u>(21,323,367)</u>	<u>(1,702,098)</u>	<u>(2,161,415)</u>	<u>14,322,387</u>
Program Services	10,553,784	286,432	-	-	(2,161,415)	8,678,801
Management and General	982,141	-	-	-	-	982,141
Fundraising	618,412	-	-	-	-	618,412
TOTAL EXPENSES	<u>12,154,337</u>	<u>286,432</u>	<u>-</u>	<u>-</u>	<u>(2,161,415)</u>	<u>10,279,354</u>
CHANGE IN NET ASSETS	23,491,417	3,577,081	(21,323,367)	(1,702,098)	-	4,043,033
NET ASSETS AT BEGINNING OF YEAR	6,058,260	161,911	23,736,376	1,967,304	-	31,923,851
NET ASSETS AT END OF YEAR	<u>\$ 29,549,677</u>	<u>\$ 3,738,992</u>	<u>\$ 2,413,009</u>	<u>\$ 265,206</u>	<u>\$ -</u>	<u>\$ 35,966,884</u>



Thomas & Company, CPA, PA

Certified Public Accountants and Business Consultants

Independent Auditor's 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 Directors,
Overtown Youth Center, Inc., and Affiliates
Miami, Florida

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 consolidated financial statements of Overtown Youth Center, Inc. and Affiliates (OYC) (a nonprofit organization), which comprise OYC's consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered OYC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of OYC's internal control. Accordingly, we do not express an opinion on the effectiveness of OYC'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 entity's consolidated 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether OYC's consolidated 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 financial statements. 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 OYC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OYC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Thomas S. Cempy CPA PA".

Thomas and Company, CPA, PA
Cooper City, Florida
October 28, 2025



Thomas & Company, CPA, PA
Certified Public Accountants and Business Consultants

Independent Auditor's Report on Compliance for Each Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.650, Rules of the Florida Auditor General

To the Board of Directors
Overtown Youth Center, Inc. and Affiliates
Miami, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Overtown Youth Center, Inc. and Affiliate's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2025. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2025.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the standards in Chapter 10.650, *Rules of the Florida Auditor General*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Florida Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.



Thomas & Company CPA, PA
Cooper City, Florida
October 28, 2025

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025

State Grantor/ Pass Through Grantor/ State Project Title	CFSA Number	Identifying Number	Contract Term	Provided to Subrecipients	Total State Expenditures
STATE PROJECT					
Florida Department of Education					
Mentoring/ Student Assistance Initiatives	48.068	730-92610-5Q001	7/1/2024-6/30/2025	\$ -	\$ 998,559
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				\$ -	\$ 998,559

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025

1. Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the state financial assistance project activity of Overtown Youth Center, Inc. and Affiliates (the Organization) under projects of the State of Florida for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:
Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Non-compliance material to financial statements noted?

_____ Yes X No

State Projects:

Internal control over major State projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditor's report issued on compliance for major State projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, Rules of Florida Auditor General ?

_____ Yes X No

Identification of major State projects:

State Project:

48.068

CFSA:

Mentoring/Student Assistance Initiatives

Dollar threshold used to distinguish between Type A and Type B State projects:

\$300,000

**OVERTOWN YOUTH CENTER, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

Current Year Findings:

There were no audit findings on the internal control over financial reporting based on the audit of the consolidated financial statements performed in accordance with *Government Auditing Standards*.

Prior Year Findings:

None

Section III – State Financial Assistance Findings and Questioned Costs

Current Year Findings:

None

Prior Year Findings:

None