

LEGACY YOUTH TENNIS AND EDUCATION, INC.
Financial Statements
August 31, 2024 and 2023
With Independent Auditor's Report

Legacy Youth Tennis and Education, Inc.
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August 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Legacy Youth Tennis and Education, Inc.:

Opinion

We have audited the financial statements of Legacy Youth Tennis and Education, Inc., which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legacy Youth Tennis and Education, Inc. as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Legacy Youth Tennis and Education, Inc. to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Summarized Comparative Information

Legacy Youth Tennis and Education, Inc.'s 2023 financial statements were previously audited by BBD, LLP, who joined with WithumSmith+Brown, PC on April 1, 2024 and expressed an unqualified audit opinion on those audited financial statements in their report dated March 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

WithumSmith+Brown, PC

June 2, 2025

Legacy Youth Tennis and Education, Inc.
Statement of Financial Position
August 31, 2024 With Comparative Totals for August 31, 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 356,593	\$ 563,529
Grants and contributions receivable	504,993	314,803
Prepaid expenses and other assets	136,291	68,848
Investments	2,486,151	2,157,286
Property and equipment, net	<u>6,030,954</u>	<u>6,342,045</u>
Total assets	<u>\$ 9,514,982</u>	<u>\$ 9,446,511</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 205,915	\$ 89,968
Deferred revenue	<u>329,395</u>	<u>296,551</u>
Total liabilities	<u>535,310</u>	<u>386,519</u>
 Net assets		
Without donor restrictions		
Undesignated	7,774,883	7,860,339
Board designated	<u>1,115,298</u>	<u>951,384</u>
	8,890,181	8,811,723
With donor restrictions	<u>89,491</u>	<u>248,269</u>
Total net assets	<u>8,979,672</u>	<u>9,059,992</u>
Total liabilities and net assets	<u>\$ 9,514,982</u>	<u>\$ 9,446,511</u>

The Notes to Financial Statements are an integral part of these statements.

Legacy Youth Tennis and Education, Inc.
Statement of Activities
Year Ended August 31, 2024 With Comparative Totals for the Year Ended August 31, 2023

	Without	With	Totals	
	Donor	Donor	2024	2023
	Restrictions	Restrictions		
Revenue and support				
Grants and contributions	\$ 1,700,241	\$ 77,250	\$ 1,777,491	\$ 2,397,318
Usage fees	2,749,626	-	2,749,626	2,283,162
Special event income	305,882	-	305,882	842,164
Other income	14,127	-	14,127	8,819
Net assets release from restrictions	<u>236,028</u>	<u>(236,028)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,005,904</u>	<u>(158,778)</u>	<u>4,847,126</u>	<u>5,531,463</u>
Expenses				
Program services	3,858,247	-	3,858,247	3,510,405
Supporting services			-	-
General and administrative	994,941	-	994,941	948,045
Fundraising	<u>445,371</u>	<u>-</u>	<u>445,371</u>	<u>441,234</u>
Total expenses	<u>5,298,559</u>	<u>-</u>	<u>5,298,559</u>	<u>4,899,684</u>
Net change in net assets before other changes	<u>(292,655)</u>	<u>(158,778)</u>	<u>(451,433)</u>	<u>631,779</u>
Other changes				
Investment income	371,113	-	371,113	172,921
Refund on legal settlement	<u>-</u>	<u>-</u>	<u>-</u>	<u>(545,478)</u>
	<u>371,113</u>	<u>-</u>	<u>371,113</u>	<u>(372,557)</u>
Change in net assets	<u>78,458</u>	<u>(158,778)</u>	<u>(80,320)</u>	<u>259,222</u>
Net assets				
Beginning of year	<u>8,811,723</u>	<u>248,269</u>	<u>9,059,992</u>	<u>8,800,770</u>
End of year	<u>\$ 8,890,181</u>	<u>\$ 89,491</u>	<u>\$ 8,979,672</u>	<u>\$ 9,059,992</u>

The Notes to Financial Statements are an integral part of these statements.

Legacy Youth Tennis and Education, Inc.

Statement of Functional Expenses

Year Ended August 31, 2024 With Comparative Totals for the Year Ended August 31, 2023

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2024</u>	<u>2023</u>
Payroll and related expenses					
Payroll	\$ 2,710,583	\$ 538,668	\$ 214,818	\$ 3,464,069	\$ 3,244,999
Payroll taxes	102,637	150,391	5,090	258,118	266,428
Employee benefits	<u>30,622</u>	<u>39,665</u>	<u>1,576</u>	<u>71,863</u>	<u>30,238</u>
	2,843,842	728,724	221,484	3,794,050	3,541,665
Consulting services	89,459	17,778	7,091	114,328	30,778
Depreciation	248,872	31,109	31,110	311,091	330,159
Grants and scholarships	20,246	-	-	20,246	33,190
Insurance	29,570	91,850	-	121,420	108,402
Interest	30	4	3	37	3,973
Marketing	5,888	1,131	3,545	10,564	14,006
Meetings and travel	99,850	25,868	1,218	126,936	80,352
Professional fees	22,073	77,473	-	99,546	89,321
Special events	1,034	723	160,455	162,212	173,548
Special programs	101,046	-	-	101,046	36,320
Supplies	59,612	2,113	7,348	69,073	77,463
Telephone and office expense	93,934	10,333	6,025	110,292	91,651
Bad debt expense	-	-	-	-	20,000
Utilities and maintenance	158,585	2,667	-	161,252	154,947
Miscellaneous	<u>84,206</u>	<u>5,168</u>	<u>7,092</u>	<u>96,466</u>	<u>113,909</u>
 Total expenses	 <u>\$ 3,858,247</u>	 <u>\$ 994,941</u>	 <u>\$ 445,371</u>	 <u>\$ 5,298,559</u>	 <u>\$ 4,899,684</u>

The Notes to Financial Statements are an integral part of these statements.

Legacy Youth Tennis and Education, Inc.
Statement of Cash Flows
Year Ended August 31, 2024 With Comparative Totals for the Year Ended August 31, 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ (80,320)	\$ 259,222
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	311,091	330,159
Bad debt expense	-	20,000
Net realized and unrealized gain on investments	(305,903)	(138,820)
Change in assets and liabilities:		
Grants and contributions receivable	(190,190)	(76,358)
Prepaid expenses and other	(67,443)	68,446
Accounts payable and accrued expenses	115,947	(176,287)
Deferred revenue	<u>32,844</u>	<u>(89,641)</u>
Net cash (used in) provided by operating activities	<u>(183,974)</u>	<u>196,721</u>
Investing activities		
Proceeds from sale of investments	729,371	682,312
Purchase of investments	(752,333)	(170,701)
Purchase of property and equipment	<u>-</u>	<u>(113,770)</u>
Net cash provided by investing activities	<u>(22,962)</u>	<u>397,841</u>
Financing activities		
Payments on line of credit	<u>-</u>	<u>(250,531)</u>
Net cash used in financing activities	<u>-</u>	<u>(250,531)</u>
Net change in cash	(206,936)	344,031
Cash		
Beginning of year	<u>563,529</u>	<u>219,498</u>
End of year	<u>\$ 356,593</u>	<u>\$ 563,529</u>
Supplemental disclosures		
Interest paid	<u>\$ 38</u>	<u>\$ 3,973</u>

The Notes to Financial Statements are an integral part of these statements.

Legacy Youth Tennis and Education, Inc.
Notes to Financial Statements
August 31, 2024 and 2023

1. ORGANIZATION

Legacy Youth Tennis and Education, Inc. (the "Organization") is a nonprofit organization based in Philadelphia, Pennsylvania. The Organization's mission is to prepare youth for success through our inclusive community using tennis, education, and character programming. The Organization delivers programming at its flagship Legacy Youth Tennis and Education Center and in neighborhoods throughout the Philadelphia region. Legacy Youth Tennis and Education is recognized as a United States Tennis Association ("USTA") National Junior Tennis and Learning (NJTL) Chapter.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require it to report information regarding its financial position and activities according to the following net asset classifications:

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 Organization'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 the Organization or by passage of time. When restrictions are satisfied, they are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Summarized Prior Year Information

The summarized comparative information presents amounts in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2023 from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. There were significant estimates recorded in these financial statements for the useful lives of fixed assets and the allocation of expenses among functional categories.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk

The Organization has cash balances at financial institutions which throughout the year regularly exceed the amounts insured by either the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation for up to \$250,000. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Organization's financial condition, change in net assets, and cash flows.

Legacy Youth Tennis and Education, Inc.
Notes to Financial Statements
August 31, 2024 and 2023

The Organization received grants from one source that amounted to 31% and 88% of revenues and receivables, respectively, at August 31, 2024. The Organization received grants from one source that amounted to 25% and 78% of revenues and receivables, respectively, at August 31, 2023.

Contributions and grants receivable

The Organization records contributions and grants receivable that are expected to be collected within one year at net realizable value. Contributions and grants receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. The Organization monitors the collectability of these receivables and an allowance for uncollectable promises to give is recorded based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Organization has determined that no allowance for uncollectible accounts was necessary at August 31, 2024 and 2023.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities.

Dividend and interest income is recorded as earned. The Organization invests in a portfolio that contains various types of investments. Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the financial statements could change materially in the near term.

Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable, that is, inputs that reflect the Organization's own assumptions.

Legacy Youth Tennis and Education, Inc.
Notes to Financial Statements
August 31, 2024 and 2023

Property and Equipment

Property and equipment purchases are recorded at cost, less accumulated depreciation, except for donated items, which are recorded at their fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Building and improvements is depreciated between 5-40 years. Signage is depreciated over 15 years. Furniture, equipment, computers and software and automobiles are depreciated between 3-7 years. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred.

Donations of property and equipment are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Management reviews the carrying value of long-lived assets on an ongoing basis. When factors indicate that a long-lived asset group may be impaired, management uses an estimate of the undiscounted future cash flows over the remaining life of the assets in measuring whether the long-lived asset group is recoverable. If such an analysis indicates that impairment has in fact occurred, the book value of the long-lived asset group is written down to its fair value, which is estimated using discounted cash flows. No impairment losses were recorded during the years ended August 31, 2024 and 2023.

Grants and Contributions

Grants and contributions received are recorded as net assets without or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted grants and contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions. Unconditional grants and contributions are recognized as revenue in the period the related promise to give is received. Conditional grants and contributions are recognized when the conditions are satisfied.

Contributed Services

The Organization receives significant amounts of time from individuals who perform various functions for the Organization without compensation. The financial statements do not reflect the value of these contributed services since the services do not meet the criteria for recognition.

Program Revenue

Usage fees are recognized at the point in time the tennis courts are used. Accordingly, amounts received in advance is included in deferred revenue in the accompanying statements of financial position and recognized as revenue at the point in time of usage. Deferred revenue was \$386,192 at September 1, 2022.

Advertising

The Organization expenses the costs of advertising as incurred. For the years ended August 31, 2024 and 2023, advertising expense was \$9,185 and \$10,711, respectively.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include personnel expenses which are allocated based on estimates of time and effort.

Legacy Youth Tennis and Education, Inc.
Notes to Financial Statements
August 31, 2024 and 2023

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and no provision or liability for income taxes is required. U.S. GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. U.S. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in U.S.GAAP.

Recent Accounting Pronouncements Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board issued an Accounting Standards Update ("ASU") amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure, and other financial instruments recorded at amortized cost. The Organization adopted the new standard effective September 1, 2023, using the modified retrospective approach. The implementation of this ASU had no material impact on the financial statements.

3. INVESTMENTS

Investments consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 205,244	\$ 186,346
Certificates of deposit	-	40,000
Common stocks	1,078,378	910,600
Mutual funds and exchange-traded funds		
Equity	640,481	517,509
Fixed income	278,072	234,929
U.S. government obligations	182,496	175,466
Corporate bonds	101,480	92,436
	<u>\$ 2,486,151</u>	<u>\$ 2,157,286</u>

Investment income (loss) consisted of the following for the years ended August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 74,637	\$ 50,248
Net realized gains	74,463	40,348
Net unrealized gains	231,440	98,472
	380,540	189,068
Less: Investment management fees	(9,427)	(16,147)
	<u>\$ 371,113</u>	<u>\$ 172,921</u>

Legacy Youth Tennis and Education, Inc.
Notes to Financial Statements
August 31, 2024 and 2023

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 11,090,758	\$ 11,090,758
Signage	168,333	168,333
Furniture and equipment	234,397	234,397
Computers and software	244,267	244,267
Passenger vans	<u>79,915</u>	<u>79,915</u>
	11,817,670	11,817,670
Less: Accumulated depreciation	<u>(5,786,716)</u>	<u>(5,475,625)</u>
	<u>\$ 6,030,954</u>	<u>\$ 6,342,045</u>

Depreciation expense was \$311,090 and \$330,159 for the years ended August 31, 2024 and 2023, respectively.

5. LINE OF CREDIT

The Organization had a \$600,000 line of credit with a financial institution that expired May 2024. Advances under the line were due on demand; bore interest at the Wall Street Journal prime rate with a floor of 4% (8.50% at August 31, 2024 and 2023, and were secured by substantially all of the Organization's assets. The line of credit was renewed in July 2024. Advances outstanding under the line were \$-0- at August 31, 2024 and 2023.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	<u>Balance</u> <u>August 31, 2023</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>August 31, 2024</u>
<u>Purpose restrictions</u>				
Excellence teams	\$ 42,051	\$ -	\$ (42,051)	\$ -
Annual benefit income	139,951	-	(139,951)	-
Other	<u>66,267</u>	<u>77,250</u>	<u>(54,026)</u>	<u>89,491</u>
	<u>\$ 248,269</u>	<u>\$ 77,250</u>	<u>\$ (236,028)</u>	<u>\$ 89,491</u>
	<u>Balance</u> <u>August 31, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>August 31, 2023</u>
<u>Purpose restrictions</u>				
Goodstein Jr. Leaders program	\$ 536,359	\$ -	\$ (536,359)	\$ -
Excellence teams	36,252	25,000	(19,201)	42,051
Annual benefit income	350,421	139,951	(350,421)	139,951
Other	<u>39,217</u>	<u>61,068</u>	<u>(34,018)</u>	<u>66,267</u>
	<u>\$ 962,249</u>	<u>\$ 226,019</u>	<u>\$ (939,999)</u>	<u>\$ 248,269</u>

Legacy Youth Tennis and Education, Inc.
Notes to Financial Statements
August 31, 2024 and 2023

7. ENDOWMENT FUND

An accounting standard was issued which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Organization is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, the Organization has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

Annual distributions to support the Organization's operations equal to 5% of the average balance for the endowment portfolio's twenty preceding quarters are available to be made annually. The executive officers of the board of directors have discretion to adjust the annual distribution when necessary.

Changes in the board-designated endowment assets for the years ended August 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Endowment assets, beginning of year	\$ 951,384	\$ 884,223
Investment income (loss)	<u>163,914</u>	<u>67,161</u>
Endowment net assets, beginning of year	<u>\$ 1,115,298</u>	<u>\$ 951,384</u>

8. COMMITMENTS

Land Lease

The Organization is party to a master lease with the Philadelphia Authority for Industrial Development, which is leasing the land on which the Organization's operating facilities are located from the City of Philadelphia Fairmount Park Commission (the "City") and subleasing this land to the Organization. The initial term of this agreement expires in December 2044. After the initial term, there are four successive ten-year automatic extensions. Annual rents due under this agreement are \$1. The value of this land lease is not included as income or expense in the accompanying financial statements, as the amounts required to repair and maintain the property exceed the fair value of any contribution. Under this agreement, the Organization is responsible for exterior maintenance and repairs of the facility including landscaping, snow removal, trash removal, and maintenance of picnic facilities.

In connection with this sublease, the Organization is required to maintain a trust account with a minimum balance of \$250,000 with a reputable investment advisor. The income from this fund is to be used to maintain, repair and replace the Organization's facilities. If the market value of this account drops below the required threshold, the Organization has ninety days to bring the account balance back to this threshold. Under certain circumstances, the principal from this account can be used for unanticipated capital repair and replacement costs; however, these funds must be returned to the trust account within three years of any such expenditure.

Legacy Youth Tennis and Education, Inc.
Notes to Financial Statements
August 31, 2024 and 2023

Solar Facilities Lease and Power Purchase Agreement

The Organization entered into an agreement with UGI Development Company ("UGI"). Under this agreement, UGI subleases, at no cost to UGI, a portion of the roof at the Organization's facilities, for the installation, operation and maintenance of a solar electric generating system. The initial term of this agreement expired in November 2023 with one five-year renewal option. Subsequent to the year ended August 31, 2023, UGI exercised the renewal option. In conjunction with this agreement, the Organization signed a separate agreement requiring the Organization to purchase, from an affiliate of UGI, the electricity generated by the solar panels on the roof of the facility at 11 cents per kWh plus all applicable taxes.

9. ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following is a summary of assets measured at fair value on a recurring basis and the valuation inputs used to value them.

Level 1 securities are valued using quoted (unadjusted) prices in active markets.

Level 2 securities consisted of corporate bonds and U.S. government and agency securities. Fixed income securities are valued at quoted market prices of similar securities.

<u>August 31, 2024</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Input (Level 2)</u>	<u>Significant Unobservable Input (Level 3)</u>
Money market funds	\$ 205,244	\$ 205,244	\$ -	\$ -
Common stocks	1,078,378	1,078,378	-	-
Mutual funds and exchange- traded funds	918,553	918,553	-	-
U.S. government obligations	182,496	-	182,496	-
Corporate bonds	101,480	-	101,480	-
	<u>\$ 2,486,151</u>	<u>\$ 2,202,175</u>	<u>\$ 283,976</u>	<u>\$ -</u>
<u>August 31, 2023</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Input (Level 2)</u>	<u>Significant Unobservable Input (Level 3)</u>
Money market funds	\$ 186,346	\$ 186,346	\$ -	\$ -
Certificates of deposit	40,000	-	40,000	-
Common stocks	910,600	910,600	-	-
Mutual funds and exchange- traded funds	752,438	752,438	-	-
U.S. government obligations	175,466	-	175,466	-
Corporate bonds	92,436	-	92,436	-
	<u>\$ 2,157,286</u>	<u>\$ 1,849,384</u>	<u>\$ 307,902</u>	<u>\$ -</u>

10. RETIREMENT PLAN

The organization has a 403(b) plan which is available to substantially all employees. The employees may defer from federal income tax a percentage of their compensation. The plan provides the option for the Organization to make a discretionary matching contribution up to 1%.

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11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the organization's financial assets as of August 31, 2024 and 2023 and the amounts available within one year.

	<u>2024</u>	<u>2023</u>
Cash	\$ 356,593	\$ 563,529
Accounts receivable	504,993	314,803
Investments	<u>2,486,151</u>	<u>2,157,286</u>
Total financial assets	3,347,737	3,035,618
Less: Financial assets not available for general operations within one year		
Restricted by donor for specific purposes	<u>(89,491)</u>	<u>(248,269)</u>
Total financial assets available within one year	<u>\$ 3,258,246</u>	<u>\$ 2,787,349</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available for use as its general expenditures, liabilities and other obligations become due. The Organization invests cash in excess of its requirements in a money market fund.

12. LEGAL MATTERS

In December 2022, the organization reached an agreement with the Harvey Goodstein Charitable Foundation (the "*Foundation*") to settle claims and counter-claims between the Foundation and the Organization regarding the Organization's use of the funds in the Goodstein Junior Leaders investment account, the Organization's requirement to match certain contributions related to the program, and the Foundation's requirement to continue to provide funding to the Organization. The settlement agreement provided for the Organization and Foundation to split evenly the funds existing in the Goodstein Junior Leaders investment account as of the date the funds became available. As a result, in January 2023, the Organization refunded \$595,478 to the Foundation and retained \$595,478, which was designated in the settlement agreement to be available to the Organization for its general purposes at its discretion.

13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 2, 2025, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since August 31, 2024 that require recognition or disclosure in the financial statements.