

SOUTHEND COMMUNITY SERVICES, INC.

Financial Statements

June 30, 2005 and 2004

SOUTHEND COMMUNITY SERVICES, INC.

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WHITTLESEY & HADLEY, P.C.

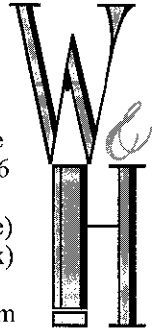
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INDEPENDENT AUDITORS' REPORT

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To the Board of Directors
Southend Community Services, Inc.

We have audited the accompanying statements of financial position of Southend Community Services, Inc. (the "Organization"), as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southend Community Services, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Whittlesey & Hadley, P.C.

August 30, 2005

SOUTHEND COMMUNITY SERVICES, INC.

Statements of Financial Position

June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Cash	\$ 751,887	\$ 781,580
Accounts and grants receivable	503,826	677,838
Prepaid expenses	34,132	58,373
Equipment, net	<u>-</u>	<u>4,246</u>
Total assets	<u>\$ 1,289,845</u>	<u>\$ 1,522,037</u>
Liabilities and Net Assets:		
Liabilities:		
Accounts payable	\$ 199,509	\$ 91,397
Accrued expenses	250,735	206,453
Refundable advances	222,583	312,095
Notes payable	-	258,439
Tuition reimbursement payable	<u>7,826</u>	<u>27,818</u>
Total liabilities	<u>680,653</u>	<u>896,202</u>
Net Assets:		
Unrestricted	<u>609,192</u>	<u>625,835</u>
Total liabilities and net assets	<u>\$ 1,289,845</u>	<u>\$ 1,522,037</u>

The accompanying notes are an integral part of the financial statements.

SOUTHEND COMMUNITY SERVICES, INC.

Statements of Activities

For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Changes in unrestricted net assets:		
Revenues and support:		
Grants		
Federal grants	\$ 4,497,074	\$ 4,287,968
State grants	299,182	453,992
Contributions & foundations	801,524	481,729
United Way	145,204	175,100
Program fees	383,211	510,509
Miscellaneous income	20,179	32,215
	<u>6,146,374</u>	<u>5,941,513</u>
Total revenues		
Expenses:		
Childcare	486,652	600,829
AmeriCorps	531,549	361,069
Elderly Care	539,518	564,780
Education	163,953	-
Case Management	2,443,725	2,322,053
Youth Employment & Training	1,126,650	1,214,174
Management & General	870,970	909,508
	<u>6,163,017</u>	<u>5,972,413</u>
Total expenses		
Change in net assets	(16,643)	(30,900)
Net assets beginning of year	<u>625,835</u>	<u>656,735</u>
Net assets end of year	<u>\$ 609,192</u>	<u>\$ 625,835</u>

The accompanying notes are an integral part of the financial statements.

SOUTHEND COMMUNITY SERVICES, INC.

Statement of Functional Expenses

For the year ended June 30, 2005

	Childcare	AmeriCorps	Elderly Care	Education	Case Management	Youth Employment & Training	Management & General	Total
Salaries & benefits	\$ 372,819	\$ 464,347	\$ 450,769	\$ 133,521	\$ 1,979,125	\$ 699,516	\$ 458,252	\$ 4,558,349
Services	15,731	8,355	44,900	11,647	120,995	257,719	206,104	665,451
Occupancy	30,173	10,601	18,909	906	200,866	94,297	45,060	400,812
Supplies	40,715	9,513	5,919	9,048	30,430	45,873	16,082	157,580
Equipment	5,170	995	300	-	20,166	2,040	11,686	40,357
Miscellaneous	4,665	2,108	360	538	7,594	5,634	21,900	42,799
Meetings and transportation	17,052	35,534	17,997	7,380	79,039	14,622	28,098	199,722
Printing & postage	327	96	364	913	5,510	6,949	7,551	21,710
Depreciation	-	-	-	-	-	-	4,246	4,246
Fundraising	-	-	-	-	-	-	71,991	71,991
	<u>\$ 486,652</u>	<u>\$ 531,549</u>	<u>\$ 539,518</u>	<u>\$ 163,953</u>	<u>\$ 2,443,725</u>	<u>\$ 1,126,650</u>	<u>\$ 870,970</u>	<u>\$ 6,163,017</u>

The accompanying notes are an integral part of the financial statements.

SOUTHEND COMMUNITY SERVICES, INC.

Statement of Functional Expenses

For the year ended June 30, 2004

	Childcare	AmeriCorps	Elderly Care	Case Management	Youth Employment & Training	Management & General	Total
Salaries & benefits	\$ 459,899	\$ 317,241	\$ 459,922	\$ 1,702,684	\$ 798,588	\$ 627,844	\$ 4,366,178
Services	7,195	4,276	53,357	127,589	231,172	146,982	570,571
Occupancy	25,408	10,592	23,875	312,579	107,932	35,194	515,580
Supplies	45,775	6,167	4,973	58,341	47,770	21,324	184,350
Equipment	36,031	248	367	17,524	5,526	18,928	78,624
Miscellaneous	7,784	1,906	388	9,646	4,392	21,483	45,599
Meetings and transportation	18,681	20,454	21,477	87,708	14,946	21,641	184,907
Printing & postage	56	185	421	5,982	3,848	8,552	19,044
Depreciation	-	-	-	-	-	7,560	7,560
	<u>\$ 600,829</u>	<u>\$ 361,069</u>	<u>\$ 564,780</u>	<u>\$ 2,322,053</u>	<u>\$ 1,214,174</u>	<u>\$ 909,508</u>	<u>\$ 5,972,413</u>

The accompanying notes are an integral part of the financial statements.

SOUTHEND COMMUNITY SERVICES, INC.

Statements of Cash Flows

For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Change in net assets	\$ (16,643)	\$ (30,900)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	4,246	7,560
(Increase)/decrease in assets:		
Accounts and grants receivable	174,012	845,047
Prepaid expenses	24,241	(8,628)
Increase/(decrease) in liabilities:		
Accounts payable	108,112	(539,924)
Accrued expenses	44,282	(41,621)
Refundable advances	(89,512)	209,641
Tuition reimbursement payable	(19,992)	(1,314)
Total adjustments	<u>245,389</u>	<u>470,761</u>
Net change in cash from operating activities	<u>228,746</u>	<u>439,861</u>
Cash flows from financing activities		
Proceeds from the issuance of notes payable	-	250,000
Payments on notes payable	(258,439)	(158,998)
Net change in cash from financing activities	<u>(258,439)</u>	<u>91,002</u>
Net change in cash	(29,693)	530,863
Cash at beginning of year	<u>781,580</u>	<u>250,717</u>
Cash at end of year	<u>\$ 751,887</u>	<u>\$ 781,580</u>
Supplemental disclosures:		
Interest expense	<u>\$ 4,547</u>	<u>\$ 3,083</u>

The accompanying notes are an integral part of the financial statements.

SOUTHEND COMMUNITY SERVICES, INC.

Notes to Financial Statements

June 30, 2005 and 2004

Note 1 - Summary of Significant Accounting Policies:

Organization and Operations - Southend Community Services, Inc. (the "Organization"), is a multi-funded non-profit corporation organized for the purpose of expanding employment and educational opportunities for youth, expanding the availability of childcare, and helping elderly maintain their independence.

The Organization recognizes contract revenues from monitoring and other fees for service activities as services are provided within the terms of the contract agreements.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to types of net assets. Grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Allocation of Expenses by Function - Direct costs are charged to the programs to which they relate, while indirect costs are allocated among the programs and management and administration.

Equipment - The Organization depreciates equipment on the straight-line basis over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the year.

Federal and State Income Taxes - The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions regarding depreciation of fixed assets that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Equipment:

The cost and accumulated depreciation for equipment was as follows at June 30:

	<u>2005</u>	<u>2004</u>
Equipment	\$ 71,328	\$ 74,655
Less: accumulated depreciation	<u>71,328</u>	<u>70,409</u>
	<u>\$ -</u>	<u>\$ 4,246</u>

Depreciation expense for the years ended June 30, 2005 and 2004 was \$4,246 and \$7,560, respectively.

Note 3 - Contingencies:

Grants require the fulfillment of certain conditions as set forth in the grant. Failure to fulfill the conditions can result in the return of funds to grantors. Management is of the opinion that the conditions of the grants will be met.

Note 4 - Credit Risk:

The Organization maintains bank accounts in a commercial bank, the balances of which exceed the federal insurance limits. At June 30, 2005, the uninsured balance was \$696,379.

Note 5 - Line of Credit:

The Organization has a line-of-credit with a bank available to borrow funds as needed. The line requires interest to be paid monthly at the prime rate plus 2%. As of June 30, 2005, there was \$0-outstanding, with an availability to borrow up to \$400,000.

Note 6 - Operating Leases:

The Organization rents office space at several locations. The rental payments for these leases for the years ended June 30, 2005 and 2004 were \$115,747 and \$298,249, respectively.

Future minimum lease payments for the year ending June 30 are as follows:

2006	\$ 42,225
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Note 7 – Subsequent Event:

Subsequent to June 30, 2005 the Organization changed it's name to Our Piece of the Pie ("OPP").

Note 8 – Reclassifications:

Certain reclassifications have been made to the 2004 financial statements to conform with the presentation of the 2005 financial statements. The reclassifications have no effect on the net income for the year ended June 30, 2004.