

OUR PIECE OF THE PIE®, INC.

Financial Statements

June 30, 2008 and 2007

OUR PIECE OF THE PIE®, INC.

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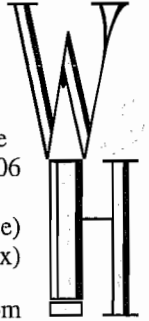
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Our Piece of the Pie®, Inc.

We have audited the accompanying statements of financial position of Our Piece of the Pie®, Inc. (the "Organization"), as of June 30, 2008 and 2007, 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 Our Piece of the Pie®, Inc. as of June 30, 2008 and 2007, 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.

November 25, 2008

OUR PIECE OF THE PIE®, INC.

Statements of Financial Position

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and cash equivalents	\$ 756,531	\$ 486,427
Accounts and grants receivable	833,069	695,025
Prepaid expenses	29,817	55,080
Fixed assets, net	<u>313,899</u>	<u>327,948</u>
Total assets	<u><u>\$ 1,933,316</u></u>	<u><u>\$ 1,564,480</u></u>
Liabilities and Net Assets:		
Liabilities:		
Accounts payable	\$ 194,754	\$ 304,295
Accrued expenses	174,730	196,691
Refundable advances	103,283	88,165
Line-of-credit	-	60,000
Note payable	<u>47,055</u>	<u>58,187</u>
Total liabilities	<u>519,822</u>	<u>707,338</u>
Net Assets:		
Unrestricted	<u>1,413,494</u>	<u>857,142</u>
Total liabilities and net assets	<u><u>\$ 1,933,316</u></u>	<u><u>\$ 1,564,480</u></u>

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

OUR PIECE OF THE PIE®, INC.

Statements of Activities

For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Changes in unrestricted net assets:		
Revenues and Support:		
Government grants	\$ 3,593,081	\$ 2,918,724
Contributions from corporations and foundations	2,306,911	2,134,908
United Way	239,969	269,230
Program fees	68,856	71,165
Interest income	17,133	48,381
Miscellaneous income	24,154	14,512
	<u>6,250,104</u>	<u>5,456,920</u>
Expenses:		
Program Services:		
Case Management	1,734,197	1,598,933
Youth Employment and Training	1,328,357	1,355,742
Childcare	387,689	352,415
AmeriCorps	567,125	591,943
Education	413,294	209,320
Total program services	<u>4,430,662</u>	<u>4,108,353</u>
Supporting Services:		
Management and General	769,601	1,026,060
Fundraising	493,489	297,615
Total supporting services	<u>1,263,090</u>	<u>1,323,675</u>
Total expenses	<u>5,693,752</u>	<u>5,432,028</u>
Change in net assets	556,352	24,892
Net assets at beginning of year	<u>857,142</u>	<u>832,250</u>
Net assets at end of year	<u>\$ 1,413,494</u>	<u>\$ 857,142</u>

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

OUR PIECE OF THE PIE®, INC.

Statement of Functional Expenses

For the year ended June 30, 2008

	Program Services					Supporting Services			Total	
	Case Management	Youth Employment & Training	Childcare	AmeriCorps	Education	Program Services	Management & General	Fundraising		Supporting Services
Salaries & benefits	\$ 1,474,712	\$ 970,663	\$ 243,139	\$ 448,034	\$ 301,275	\$ 3,437,823	\$ 216,234	\$ 341,930	\$ 558,164	\$ 3,995,987
Services	110,311	134,087	48,829	32,268	41,018	366,513	307,058	124,799	431,857	798,370
Occupancy	48,053	120,837	29,423	16,281	21,501	236,095	87,782	-	87,782	323,877
Supplies	25,580	58,140	34,857	6,005	28,103	152,685	21,705	-	21,705	174,390
Equipment	2,639	779	3,035	52	1,928	8,433	10,855	-	10,855	19,288
Miscellaneous	28,518	32,129	18,685	35,640	17,116	132,088	170	26,760	26,930	159,018
Meetings and transportation	40,506	8,910	9,493	28,845	1,885	89,639	37,116	-	37,116	126,755
Printing & postage	3,878	2,812	228	-	468	7,386	12,173	-	12,173	19,559
Depreciation	-	-	-	-	-	-	76,508	-	76,508	76,508
	<u>\$ 1,734,197</u>	<u>\$ 1,328,357</u>	<u>\$ 387,689</u>	<u>\$ 567,125</u>	<u>\$ 413,294</u>	<u>\$ 4,430,662</u>	<u>\$ 769,601</u>	<u>\$ 493,489</u>	<u>\$ 1,263,090</u>	<u>\$ 5,693,752</u>

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

OUR PIECE OF THE PIE®, INC.

Statement of Functional Expenses

For the year ended June 30, 2007

	Program Services						Supporting Services		
	Case Management	Youth Employment & Training	Childcare	AmeriCorps	Education	Total Program Services	Management & General	Fundraising	Total Supporting Services
Salaries & benefits	\$ 1,388,749	\$ 1,074,342	\$ 263,942	\$ 492,131	\$ 163,626	\$ 3,382,790	\$ 587,976	\$ 140,969	\$ 728,945
Services	48,436	89,180	15,968	13,120	22,723	189,427	235,818	156,646	392,464
Occupancy	40,090	117,633	17,215	28,567	3,153	206,658	71,491	-	71,491
Supplies	30,125	40,398	38,309	13,597	8,449	130,878	26,259	-	26,259
Equipment	7,390	5,023	2,627	1,984	-	17,024	17,139	-	17,139
Miscellaneous	29,040	10,998	2,451	3,686	9,922	56,097	28,357	-	28,357
Meetings and transportation	51,237	10,139	11,893	38,813	1,447	113,529	41,699	-	41,699
Printing & postage	3,866	8,029	10	45	-	11,950	15,665	-	15,665
Depreciation	-	-	-	-	-	-	1,656	-	1,656
	<u>\$ 1,598,933</u>	<u>\$ 1,355,742</u>	<u>\$ 352,415</u>	<u>\$ 591,943</u>	<u>\$ 209,320</u>	<u>\$ 4,108,353</u>	<u>\$ 1,026,060</u>	<u>\$ 297,615</u>	<u>\$ 1,323,675</u>
									<u>\$ 5,432,028</u>

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

OUR PIECE OF THE PIE®, INC.

Statements of Cash Flows

For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ 556,352	\$ 24,892
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	76,508	1,656
(Increase)/decrease in assets:		
Accounts and grants receivable	(138,044)	(458,052)
Prepaid expenses	25,263	(32,835)
Increase/(decrease) in liabilities:		
Accounts payable	(109,541)	194,633
Accrued expenses	(21,961)	2,460
Refundable advances	15,118	(18)
Total adjustments	<u>(152,657)</u>	<u>(292,156)</u>
Net change in cash from operating activities	<u>403,695</u>	<u>(267,264)</u>
Cash flows from investing activities		
Purchases of fixed assets	<u>(62,459)</u>	<u>(292,332)</u>
Net change in cash from investing activities	<u>(62,459)</u>	<u>(292,332)</u>
Cash flows from financing activities		
Proceeds from line-of-credit	-	198,000
Payments on line-of-credit	(60,000)	(138,000)
Proceeds from note payable	-	60,000
Payments on note payable	<u>(11,132)</u>	<u>(1,813)</u>
Net change in cash from financing activities	<u>(71,132)</u>	<u>118,187</u>
Net change in cash and cash equivalents	270,104	(441,409)
Cash and cash equivalents at beginning of year	<u>486,427</u>	<u>927,836</u>
Cash and cash equivalents at end of year	<u>\$ 756,531</u>	<u>\$ 486,427</u>
Supplemental disclosures:		
Interest expense	<u>\$ 2,827</u>	<u>\$ 666</u>

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

OUR PIECE OF THE PIE®, INC.

Notes to Financial Statements

June 30, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies:

Organization and Operations – Our Piece of the Pie®, Inc. (OPP®) (the “Organization”) is a youth development agency with over 30 years of service in the Hartford community. The Organization’s mission is to help Hartford youth become successful adults. They focus on serving 14-24 year olds. Two long-term outcomes define the key to meeting organizational goals. They are:

- Educational goal: attainment of a vocational school certification, a degree from a two-year college, or ideally a Bachelors’ degree from a four-year college or university;
- Vocational goal: attainment of full-time, unsubsidized employment or national/military service.

As part of the program design, OPP provides its youth members with structured work and learn programs as well as tutoring and educational support services geared toward helping them graduate from high school, enroll in college or other post-secondary education or training, and to overcome barriers to earning a degree or certificate. The core strategy is to provide caring, consistent adults who help young people map out a pathway to success and who inspire, motivate and assist them to overcome the challenges along the way.

Current programs include:

- Pathways to Success, an individualized goal setting and life coaching process that works with youth to attain their goals, remove obstacles and gain the resources they need;
- Youth Businesses which provide contextual, hands-on vocational skills while at the same time, youth learn literacy, business and group interaction skills and behaviors;
- Youth Employment Services, which provide youth with real business experience through internships as well as job placements;
- Youth Education Services, which help youth identify their educational goals; take them on college tours; help their families fill out the Financial Aid Forms; assist them with the application process; and more. It also includes college and retention services;
- Hartford AmeriCorps, which provides AmeriCorps members with an introduction to working in schools and provides elementary school youth with people who provide reading, tutoring and homework help, and implement community service projects;
- Nationally accredited pre-school childcare program that serves low-income Hartford families with high quality school readiness services for 3-5 year olds.

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

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

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 three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as described below:

Unrestricted net assets - Net assets not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor imposed stipulations that may or will be met by actions of the Organization and/or passage of time. Temporarily restricted net assets for the years June 30, 2008 and 2007, was \$-0-, respectively.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the Organization maintains them permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. Permanently restricted net assets for the years June 30, 2008 and 2007, was \$-0-, respectively.

Cash and Cash Equivalents - The Organization considers cash on deposit with financial institutions, money market funds, and other investments with a maturity of three months or less to be cash equivalents.

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 - Fixed assets are carried at cost, less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred; increments greater than \$10,000 are capitalized. 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. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years
Furniture and fixtures	3 - 5 years

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.

Credit Risk - The Organization its bank accounts at one financial institution. The financial institution insure deposits with the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash balances, at times, may be in excess of such federally insured limits. As of June 30, 2008, there were no funds in excess of such limits. The Organization has suffered no bank or financial institution losses, during the year ended June 30, 2008.

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.

Reclassifications - Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. These reclassifications had no impact on the change in net assets.

Note 2 - Equipment:

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

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 172,866	\$ 155,765
Furniture and fixtures	<u>219,887</u>	<u>174,529</u>
	392,753	330,294
Less: Accumulated depreciation	<u>78,854</u>	<u>2,346</u>
	<u>\$ 313,899</u>	<u>\$ 327,948</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$76,508 and \$1,656, respectively.

Note 3 - Accounts Receivable and Grants receivable:

Accounts receivable and grant receivables as of June 30, consist of the following:

	<u>2008</u>	<u>2007</u>
Accounts receivables – general contributions	\$ 167,410	\$ 53,385
Grants receivable	<u>665,659</u>	<u>641,640</u>
Total	<u>\$ 833,069</u>	<u>\$ 695,025</u>

Note 4 - 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 5 - Lines-of-Credit:

The Organization has a line-of-credit with Bank of America available to borrow funds as needed, expiring July 2009. The line requires interest to be paid monthly at the prime rate, which was 5.00% at June 30, 2008, plus 2%. All borrowings are collateralized by equipment and receivables of the Organization. As of June 30, 2008 and 2007, there was \$-0- outstanding, with an availability to borrow up to \$400,000.

The Organization also has a line-of-credit for \$60,000 from the Greater Hartford Business Development Center, Inc. The line-of-credit bears interest at 4% per annum, requires monthly principal and interest installments of \$1,105 and matures May 2012. As of June 30, 2008 and 2007, the balance was \$-0- and \$60,000, respectively. Subsequent to June 30, 2008, there were no additional advances.

Note 6 - Note Payable:

On April 24, 2007, the Organization received a note for \$60,000 from the Greater Hartford Business Development Center, Inc. The note bears interest at 4% per annum, requires monthly principal and interest installments of \$1,105 and matures May 2012. As of June 30, 2008 and 2007, the balance was \$47,055 and \$58,187, respectively.

The maturities of the note payable are as follows:

2009	\$ 10,605
2010	12,021
2011	12,511
2012	<u>11,918</u>
Total	<u>\$ 47,055</u>

Note 7 - Operating Leases:

The Organization rents office space at several locations. The rental payments for these leases for the years ended June 30, 2008 and 2007, were \$132,977 and \$108,820, respectively.

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

2009	\$ 116,174
2010	119,256
2011	120,039
2012	64,163

Note 8 - Pension Plan:

The Organization has a defined contribution pension plan, which covers substantially all of its employees. The plan covers all employees who have completed one year of service, worked 1,000 hours during the year, and have attained age twenty-one. Matching contributions are discretionary. For the years ended June 30, 2008 and 2007, the Organization did not make a contribution to the plan.