

OUR PIECE OF THE PIE®, INC.

Financial Statements

June 30, 2011 and 2010

OUR PIECE OF THE PIE®, INC.

Table of Contents

Independent Auditors' Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statement of Functional Expenses.....	4 - 5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 10

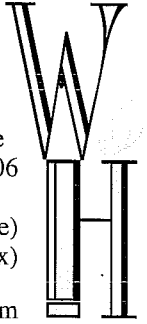
WHITTLESEY & HADLEY, P.C.

Certified Public Accountants/Consultants

147 Charter Oak Avenue
Hartford, Connecticut 06106

860.522.3111 (voice)
860.524.4475 (fax)

www.whcpa.com



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. (OPP®) (the "Organization"), as of June 30, 2011 and 2010, 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, 2011 and 2010, 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.

October 21, 2011

OUR PIECE OF THE PIE®, INC.

Statements of Financial Position

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS:		
Cash and cash equivalents	\$ 1,057,349	\$ 1,319,356
Accounts and grants receivable	375,395	196,600
Prepaid expenses	68,998	28,665
Fixed assets, net	<u>178,871</u>	<u>244,874</u>
Total assets	<u>\$ 1,680,613</u>	<u>\$ 1,789,495</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 169,747	\$ 89,617
Accrued expenses	174,204	136,887
Refundable advances	7,478	48,433
Note payable	<u>11,918</u>	<u>24,429</u>
Total liabilities	<u>363,347</u>	<u>299,366</u>
Net Assets:		
Unrestricted	847,200	1,341,129
Temporarily restricted	<u>470,066</u>	<u>149,000</u>
Total net assets	<u>1,317,266</u>	<u>1,490,129</u>
Total liabilities and net assets	<u>\$ 1,680,613</u>	<u>\$ 1,789,495</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, 2011 and 2010

	2011	2010
Revenues and Support:		
Government grants	\$ 2,363,468	\$ 2,855,167
Contributions from corporations and foundations	1,293,603	1,576,728
United Way	350,144	307,292
Program fees	4,614	15,430
Interest income	-	1,243
Net assets released from restrictions	149,000	-
 Total revenues and support	 4,160,829	 4,755,860
Expenses:		
Program Services:		
Youth Development Services	764,425	615,264
Youth Business	945,244	844,896
Childcare	-	82,112
Youth Employment Services	508,670	728,251
Opportunity High School	1,055,950	616,957
AmeriCorps	122,565	638,714
Youth Education	374,007	433,099
Total program services	3,770,861	3,959,293
Supporting Services:		
Management and general	606,216	401,240
Fundraising	277,681	470,585
Total supporting services	883,897	871,825
 Total expenses	 4,654,758	 4,831,118
 Change in unrestricted net assets	 (493,929)	 (75,258)
Temporarily restricted net assets:		
Contributions from corporations and foundations	470,066	149,000
Net assets released from restrictions	(149,000)	-
 Change in temporarily restricted net assets	 321,066	 149,000
 Total change in net assets	 (172,863)	 73,742
 Net assets at beginning of year	 1,490,129	 1,416,387
 Net assets at end of year	 \$ 1,317,266	 \$ 1,490,129

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, 2011

	Program Services						Supporting Services				Total
	Youth Development Services	Youth Business	Youth Employment Services	Opportunity High School	AmeriCorps	Youth Education	Total Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries & benefits	\$ 602,150	\$ 727,736	378,792	\$ 909,258	\$ 88,573	\$ 261,009	\$ 2,967,518	\$ 374,171	\$ 142,575	\$ 516,746	\$ 3,484,264
Services	59,045	37,034	12,106	41,343	14,067	26,782	190,377	101,815	78,948	180,763	371,140
Occupancy	48,716	90,482	41,452	4,146	5,565	52,191	242,552	24,423	17,339	41,762	284,314
Supplies	12,775	49,457	26,577	27,022	9,404	6,740	131,975	27,958	1,710	29,668	161,643
Equipment	5,387	4,486	1,337	2,943	704	7,441	22,298	8,304	1,222	9,526	31,824
Miscellaneous	10,584	10,228	9,802	15,366	750	2,635	49,365	11,114	21,056	32,170	81,535
Meetings and transportation	11,636	12,047	13,282	42,103	3,335	4,354	86,757	35,612	9,251	44,863	131,620
Printing & postage	1,722	1,364	504	1,359	167	445	5,561	581	2,999	3,580	9,141
Depreciation	12,410	12,410	24,818	12,410	-	12,410	74,458	22,238	2,581	24,819	99,277
	<u>\$ 764,425</u>	<u>\$ 945,244</u>	<u>\$ 508,670</u>	<u>\$ 1,055,950</u>	<u>\$ 122,565</u>	<u>\$ 374,007</u>	<u>\$ 3,770,861</u>	<u>\$ 606,216</u>	<u>\$ 277,681</u>	<u>\$ 883,897</u>	<u>\$ 4,654,758</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, 2010

	Program Services							Supporting Services				Total
	Youth Development Services	Youth Business	Childcare	Youth Employment Services	Opportunity High School	AmeriCorps	Youth Education	Total Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries & benefits	\$ 441,890	\$ 617,366	\$ 64,011	\$ 566,588	\$ 466,162	\$ 559,119	\$ 265,377	\$ 2,980,513	\$ 284,468	\$ 346,870	\$ 631,338	\$ 3,611,851
Services	58,115	53,475	298	70,915	43,568	5,417	53,515	285,303	18,603	34,819	53,422	338,725
Occupancy	51,829	66,216	7,712	28,944	6,639	17,281	66,757	245,378	44,384	21,744	66,128	311,506
Supplies	16,911	66,715	7,596	13,957	51,003	15,225	10,020	181,427	10,467	9,413	19,880	201,307
Equipment	6,157	8,112	971	7,113	4,099	419	8,011	34,882	6,016	3,970	9,986	44,868
Miscellaneous	17,043	6,739	26	-	3,201	14,434	11,294	52,737	-	8,611	8,611	61,348
Meetings and transportation	10,296	12,251	1,498	16,872	29,847	26,819	5,708	103,291	23,190	22,279	45,469	148,760
Printing & postage	1,259	2,258	-	336	674	-	653	5,180	2,348	11,115	13,463	18,643
Depreciation	11,764	11,764	-	23,526	11,764	-	11,764	70,582	11,764	11,764	23,528	94,110
	<u>\$ 615,264</u>	<u>\$ 844,896</u>	<u>\$ 82,112</u>	<u>\$ 728,251</u>	<u>\$ 616,957</u>	<u>\$ 638,714</u>	<u>\$ 433,099</u>	<u>\$ 3,959,293</u>	<u>\$ 401,240</u>	<u>\$ 470,585</u>	<u>\$ 871,825</u>	<u>\$ 4,831,118</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ (172,863)	\$ 73,742
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	99,277	94,110
(Increase)/decrease in assets:		
Accounts and grants receivable	(178,795)	127,389
Prepaid expenses	(40,333)	(9,690)
Increase/(decrease) in liabilities:		
Accounts payable	80,130	(30,558)
Accrued expenses	37,317	(17,089)
Refundable advances	(40,955)	(58,967)
Net change in cash from operating activities	<u>(216,222)</u>	<u>178,937</u>
Cash flows from investing activities		
Purchases of fixed assets	<u>(33,274)</u>	<u>(36,055)</u>
Net change in cash from investing activities	<u>(33,274)</u>	<u>(36,055)</u>
Cash flows from financing activities		
Payments on note payable	<u>(12,511)</u>	<u>(12,021)</u>
Net change in cash from financing activities	<u>(12,511)</u>	<u>(12,021)</u>
Net change in cash and cash equivalents	(262,007)	130,861
Cash and cash equivalents at beginning of year	<u>1,319,356</u>	<u>1,188,495</u>
Cash and cash equivalents at end of year	<u>\$ 1,057,349</u>	<u>\$ 1,319,356</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 749</u>	<u>\$ 1,239</u>

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

OUR PIECE OF THE PIE®, INC.

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 1 - ORGANIZATION:

Organization and Operations

Our Piece of the Pie®, Inc. (OPP®) (the "Organization") is a youth development agency with over 35 years of service in the Hartford community. The Organization's mission is to help urban youth become successful adults with a focus on serving 14-24 year olds. Two long-term outcomes for youth define the key to meeting organizational goals:

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

Pathways to Success is the signature program of OPP, offering youth development, workforce development and education services to urban youth ages 14 - 24.

These programs and services include:

- Youth Development Services, which provides a Youth Development Specialist (YDS) for each youth where a one-on-one relationship is formed. Together the YDS and youth develop a unique, individualized plan that maps out their pathway to success. The YDS then refers the youth to core services listed below within the organization and facilitates connections to other related services outside of the organization. OPP helps youth achieve their goals and is in constant contact with them to help them along their journey and ensure they are meeting their goals.
- Youth Business, which provides 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 job readiness training and real business experience through job shadowing and internships as well as job placements and job retention services;
- Youth Education Services, which provides reading and math tutoring, SAT preparation, College identification college tours. It helps families fill out Financial Aid Forms, assists them with the application process and more. It also includes college retention services to help youth stay in college and graduate through providing emotional and sometimes emergency financial support;
- Hartford AmeriCorps, which provides AmeriCorps members with an introduction to working in schools and provides elementary school youth and teens with people who provide reading tutoring and homework help, and implement community service projects, this program ended in August 2010;
- Opportunity High School, which is a partnership between OPP and Hartford Public Schools, serves over-age, under-credited youth, those most at risk of dropping out of high school. The School infused youth development into all aspects of the rigorous curriculum to help ensure high school graduation.
- Nationally accredited pre-school childcare program that serves low-income Hartford families with high quality school readiness services for 3-5 year olds, closed in September 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. They are described as follows:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.):

Basis of Presentation (cont'd)

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.

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. There were no permanently restricted net assets for the years ended June 30, 2011 and 2010.

Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Revenue for services performed under various government contracts is recognized as expenses are incurred and subsequently invoiced to the appropriate government entity. Certain grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Cash and Cash Equivalents

The Organization considers cash on deposit with financial institutions, money market funds, and other investments with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank accounts, which, at times, may exceed federally insured limits.

Allocation of Expenses by Function

Direct costs are charged to the programs to which they relate. All direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated. All other general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, activities, grants, contracts, etc. using a base that results in equitable distribution.

Equipment

Fixed assets are carried at cost, less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred; increments greater than \$1,000 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 - 7 years
Furniture, fixtures and computer equipment	3 - 5 years

Federal and State Income Taxes

The Organization is a not-for-profit organization as described under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes. In addition, the Organization qualifies for the charitable contribution deduction as provided in Section 170 of the Internal Revenue Code. The Organization implemented the accounting guidance for uncertainty in income taxes. Tax positions initially need to be recognized in the financial statements when it is more-likely-than-not that the position will be sustained upon examination by the tax authorities. As of June 30, 2011 and 2010, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Management believes that it has appropriate support for income tax positions taken in its tax returns. Currently, the Organization's federal informational returns for fiscal years 2008-2010 remain open to inspection by the IRS.

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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.):

Subsequent Events Measurement Date

The Organization monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year 2011 through October 21, 2011, the date on which the financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents and contributions receivable.

FDIC insurance coverage is up to the maximum of \$250,000, per depositor, per bank. As of June 30, 2011, the Organization had deposits of approximately \$788,500 in excess of federal deposit insurance. The Organization has not experienced any losses on its cash and cash equivalents.

NOTE 4 - FIXED ASSETS:

The cost and accumulated depreciation for fixed assets were as follows at June 30,:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 170,816	\$ 170,816
Furniture, fixtures and computer equipment	358,379	325,105
	<u>529,195</u>	<u>495,921</u>
Less: Accumulated depreciation	350,324	251,047
	<u>\$ 178,871</u>	<u>\$ 244,874</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$99,277 and \$94,110, respectively.

NOTE 5 - ACCOUNTS RECEIVABLE AND GRANTS RECEIVABLE:

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

	<u>2011</u>	<u>2010</u>
Accounts receivables	\$ 333,699	\$ 155,798
Grants receivable	41,696	40,802
Total	<u>\$ 375,395</u>	<u>\$ 196,600</u>

Management believes that these receivables are fully collectable; therefore, no allowance for doubtful accounts is necessary.

NOTE 6 - 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 7 - LINE-OF-CREDIT:

The Organization has a line-of-credit for \$600,000 with Bank of America available to borrow funds as needed, expiring on March 15, 2012. The line requires interest to be paid monthly at the prime rate, which was 3.25% at June 30, 2011, plus 2%. All borrowings are collateralized by equipment and receivables of the Organization. As of June 30, 2011 and 2010, there were no amounts outstanding.

NOTE 8 - NOTE PAYABLE:

The Organization recorded 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, 2011 and 2010, the balances were \$11,918 and \$24,429, respectively.

NOTE 9 - OPERATING LEASES:

The Organization rents office space at several locations. It also rents office equipment. The rental payments for these leases for the years ended June 30, 2011 and 2010, were \$213,438 and \$199,284, respectively.

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

2012	\$	201,133
2013		200,451
2014		161,222
2015		120,523
2016		77,847

NOTE 10 - 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. Employer contributions are discretionary. For the years ended June 30, 2011 and 2010, the Organization did not make a contribution to the plan.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following programs and purposes at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Develop & implement a recuperative education strategy for disconnected youth	\$ 340,185	\$ 119,000
Post secondary success	59,884	-
Pathways	32,500	30,000
Summer campership	26,931	-
Student data integration	7,209	-
Summer enrichment	3,357	-
Totals	<u>\$ 470,066</u>	<u>\$ 149,000</u>