

OUR PIECE OF THE PIE® , INC.

Financial Statements

June 30, 2009 and 2008

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 - 12

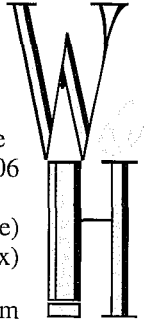
WHITTLESEY & HADLEY, P.C.

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. (the "Organization"), as of June 30, 2009 and 2008, 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, 2009 and 2008, 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 5, 2009

OUR PIECE OF THE PIE®, INC.

Statements of Financial Position

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS:		
Cash and cash equivalents	\$ 1,188,495	\$ 756,531
Accounts and grants receivable	323,989	833,069
Prepaid expenses	18,975	29,817
Fixed assets, net	<u>302,929</u>	<u>313,899</u>
Total assets	<u>\$ 1,834,388</u>	<u>\$ 1,933,316</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 120,175	\$ 194,754
Accrued expenses	153,976	174,730
Refundable advances	107,400	103,283
Note payable	<u>36,450</u>	<u>47,055</u>
Total liabilities	<u>418,001</u>	<u>519,822</u>
Net Assets:		
Unrestricted	<u>1,416,387</u>	<u>1,413,494</u>
Total liabilities and net assets	<u>\$ 1,834,388</u>	<u>\$ 1,933,316</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Changes in unrestricted net assets:		
Revenues and Support:		
Government grants	\$ 3,871,887	\$ 4,140,094
Contributions from corporations and foundations	1,468,833	1,759,898
United Way	257,117	239,969
Program fees	51,765	68,856
Interest income	3,624	17,133
Miscellaneous income	2,495	24,154
	<u>5,655,721</u>	<u>6,250,104</u>
Total revenues and support		
Expenses:		
Program Services:		
Case Management	1,550,006	1,616,271
Youth Business	1,161,356	1,179,229
Childcare	378,910	343,887
Other Programs	341,992	441,558
Opportunity High School	219,850	-
AmeriCorps	437,552	539,296
Education	467,792	424,051
Total program services	<u>4,557,458</u>	<u>4,544,292</u>
Supporting Services:		
Management and General	515,846	613,982
Fundraising	579,524	535,478
Total supporting services	<u>1,095,370</u>	<u>1,149,460</u>
Total expenses	<u>5,652,828</u>	<u>5,693,752</u>
Changes in unrestricted net assets:	2,893	556,352
Net assets at beginning of year	<u>1,413,494</u>	<u>857,142</u>
Net assets at end of year	<u>\$ 1,416,387</u>	<u>\$ 1,413,494</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, 2009

	Program Services							Supporting Services			Total	
	Case Management	Youth Business	Childcare	Other Programs	Opportunity High School	AmeriCorps	Education	Total Program Services	Management & General	Fundraising		Total Supporting Services
Salaries & benefits	\$ 1,375,784	\$ 933,453	\$ 285,287	\$ 18,672	\$ 159,424	\$ 390,637	\$ 333,144	\$ 3,496,401	\$ 295,196	\$ 341,233	\$ 636,429	\$ 4,132,830
Services	39,996	33,934	17,581	288,286	24,742	3,845	5,754	414,138	101,792	127,832	229,624	643,762
Occupancy	45,075	81,924	27,573	5,784	-	10,488	59,578	230,422	30,578	25,346	55,924	286,346
Supplies	14,001	58,771	37,688	6,734	493	5,121	30,198	153,006	12,058	9,452	21,510	174,516
Equipment	2,775	2,711	8,472	206	-	320	5,947	20,431	25,216	642	25,858	46,289
Miscellaneous	30,241	20,782	-	-	809	-	4,247	56,079	32,925	48,588	81,513	137,592
Meetings and transportation	22,174	9,240	2,090	2,821	30,334	27,141	9,808	103,608	12,898	13,351	26,249	129,857
Printing & postage	1,354	1,935	219	883	4,048	-	510	8,949	3,183	11,080	14,263	23,212
Depreciation	18,606	18,606	-	18,606	-	-	18,606	74,424	2,000	2,000	4,000	78,424
	<u>\$ 1,550,006</u>	<u>\$ 1,161,356</u>	<u>\$ 378,910</u>	<u>\$ 341,992</u>	<u>\$ 219,850</u>	<u>\$ 437,552</u>	<u>\$ 467,792</u>	<u>\$ 4,557,458</u>	<u>\$ 515,846</u>	<u>\$ 579,524</u>	<u>\$ 1,095,370</u>	<u>\$ 5,652,828</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 Business	Childcare	Other Programs	AmeriCorps	Education	Total Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries & benefits	\$ 1,463,491	\$ 961,304	\$ 231,802	\$ 95,653	\$ 443,384	\$ 304,499	\$ 3,500,133	\$ 254,072	\$ 318,130	\$ 572,202	\$ 4,072,335
Services	11,933	13,847	24,257	247,077	8,575	41,018	346,707	158,201	145,717	303,918	650,625
Occupancy	48,030	120,757	15,563	13,677	16,568	21,501	236,096	61,915	25,866	87,781	323,877
Supplies	23,613	53,550	34,705	7,338	6,157	28,103	153,466	15,453	5,471	20,924	174,390
Equipment	-	-	2,973	2,115	114	1,928	7,130	9,207	2,951	12,158	19,288
Miscellaneous	-	-	18,672	59,947	35,653	17,116	131,388	71,567	27,460	99,027	230,415
Meetings and transportation	39,506	8,533	9,493	1,216	28,845	1,885	89,478	32,596	4,681	37,277	126,755
Printing & postage	-	-	228	6,690	-	468	7,386	8,971	3,202	12,173	19,559
Depreciation	29,698	21,238	6,194	7,845	-	7,533	72,508	2,000	2,000	4,000	76,508
	<u>\$ 1,616,271</u>	<u>\$ 1,179,229</u>	<u>\$ 343,887</u>	<u>\$ 441,558</u>	<u>\$ 539,296</u>	<u>\$ 424,051</u>	<u>\$ 4,544,292</u>	<u>\$ 613,982</u>	<u>\$ 535,478</u>	<u>\$ 1,149,460</u>	<u>\$ 5,693,752</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ 2,893	\$ 556,352
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	78,424	76,508
Loss on disposal of assets	1,845	-
(Increase)/decrease in assets:		
Accounts and grants receivable	509,080	(138,044)
Prepaid expenses	10,842	25,263
Increase/(decrease) in liabilities:		
Accounts payable	(74,579)	(109,541)
Accrued expenses	(20,754)	(21,961)
Refundable advances	4,117	15,118
Total adjustments	<u>508,975</u>	<u>(152,657)</u>
Net change in cash from operating activities	<u>511,868</u>	<u>403,695</u>
Cash flows from investing activities		
Purchases of fixed assets	<u>(69,299)</u>	<u>(62,459)</u>
Net change in cash from investing activities	<u>(69,299)</u>	<u>(62,459)</u>
Cash flows from financing activities		
Payments on line-of-credit	-	(60,000)
Payments on note payable	<u>(10,605)</u>	<u>(11,132)</u>
Net change in cash from financing activities	<u>(10,605)</u>	<u>(71,132)</u>
Net change in cash and cash equivalents	431,964	270,104
Cash and cash equivalents at beginning of year	<u>756,531</u>	<u>486,427</u>
Cash and cash equivalents at end of year	<u>\$ 1,188,495</u>	<u>\$ 756,531</u>
Supplemental disclosures:		
Interest expense	<u>\$ 1,550</u>	<u>\$ 2,827</u>

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

OUR PIECE OF THE PIE®, INC.

Notes to Financial Statements

June 30, 2009 and 2008

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 35 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 for youth 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.

Pathways to Success is the signature program of OPP, offering youth a one-on-one relationship with a Youth Development Specialist (YDS) (Case Management). Together the YDS and youth develop a unique, individualized plan that maps out their pathway to success. The YDS then refers youth to various programs and services within the organization to help them achieve their goals.

These programs and services include:

- Youth Businesses, 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;
- Youth Education Services, which provides reading and math tutoring, SAT preparation, College tours; 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;
- Nationally accredited pre-school childcare program that serves low-income Hartford families with high quality school readiness services for 3-5 year olds, with priority for OPP's Pathways Youth.

Revenue for services performed under various government contracts is recognized as expenses are incurred and subsequently invoiced to the appropriate government entity.

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. There were no temporarily restricted net assets for the years June 30, 2009 and 2008.

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 June 30, 2009 and 2008.

Cash and Cash Equivalents

The Organization considers cash on deposit with financial institutions, money market funds, and other investments with a original 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 \$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 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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.):

Fair Value Measurements - The Organization has adopted SFAS No. 157, "Fair Value Measurements". SFAS No. 157 defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values:

- Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 — Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time they are susceptible to material near-term changes.

Reclassifications

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 financial statement presentation. These reclassifications had no impact on the change in net assets.

Subsequent Events Measurement Date

As noted in Note 10, the Organization monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year 2009 through October 5, 2009, the date on which the financial statements were available to be issued.

NOTE 2 - FAIR VALUES OF FINANCIAL INSTRUMENTS AND 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.

The Organization maintains cash and cash equivalents with a major financial institution. At times, deposits may be in excess of federally insured limits. The maximum loss that would have resulted from that risk amounted to approximately \$909,000 as of June 30, 2009 for the excess of the deposit liabilities reported by the bank over the amounts that would have been covered by federal insurance. The Organization has not experienced any losses on its cash and cash equivalents. Subsequent to June 30, 2009, the Organization entered into a contract with the bank to provide additional insurance up to the cash balances held by the bank.

Credit risk for contributions receivables is consider concentrated, because substantially all of the balances are from individuals and may not be legally enforceable.

**NOTE 2 - FAIR VALUES OF FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK
(CONT'D)**

The estimated fair values of the Organization's financial instruments at June 30, are as follows:

	2009			Assets/ Liabilities at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Financial assets:				
Cash and cash equivalents	<u>\$ 1,188,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,188,495</u>
Financial liabilities				
Note payable	<u>\$ -</u>	<u>\$ 36,450</u>	<u>\$ -</u>	<u>\$ 36,450</u>

	2008			Assets/ Liabilities at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Financial assets:				
Cash and cash equivalents	<u>\$ 756,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 756,531</u>
Financial liabilities				
Note payable	<u>\$ -</u>	<u>\$ 47,055</u>	<u>\$ -</u>	<u>\$ 47,055</u>

NOTE 3 - EQUIPMENT:

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

	2009	2008
Leasehold improvements	\$ 170,816	\$ 172,866
Furniture, fixtures and computer equipment	<u>289,050</u>	<u>219,887</u>
	459,866	392,753
Less: Accumulated depreciation	<u>156,937</u>	<u>78,854</u>
	<u>\$ 302,929</u>	<u>\$ 313,899</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$78,424 and \$76,508, respectively.

NOTE 4 - ACCOUNTS RECEIVABLE AND GRANTS RECEIVABLE:

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

	<u>2009</u>	<u>2008</u>
Accounts receivables	\$ 317,943	\$ 770,255
Grants receivable	6,046	62,814
Total	<u>\$ 323,989</u>	<u>\$ 833,069</u>

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

NOTE 5 - 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 6 - LINES-OF-CREDIT:

The Organization has a line-of-credit for \$400,000 with Bank of America available to borrow funds as needed, expiring July 2010. The line requires interest to be paid monthly at the prime rate, which was 3.25% at June 30, 2009, plus 2%. All borrowings are collateralized by equipment and receivables of the Organization. As of June 30, 2009 and 2008, there were no amounts outstanding.

The Organization also has a line-of-credit for \$75,000 from the Greater Hartford Business Development Center, Inc. The line-of-credit bears interest at 4% per annum and expires in May 2012. All borrowings are collateralized by equipment and receivables of the Organization. As of June 30, 2009 and 2008, there were no amounts outstanding.

NOTE 7 - 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, 2009 and 2008, the balance was \$36,450 and \$47,055, respectively.

The maturities of the note payable are as follows:

2010	\$ 12,021
2011	12,511
2012	<u>11,918</u>
Total	<u>\$ 36,450</u>

NOTE 8 - OPERATING LEASES:

The Organization rents office space at several locations. The rental payments for these leases for the years ended June 30, 2009 and 2008, were \$122,271 and \$132,977, respectively.

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

2010	\$	186,215
2011		184,924
2012		123,455
2013		14,823

NOTE 9 - 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, 2009 and 2008, the Organization did not make a contribution to the plan.

NOTE 10 - SUBSEQUENT EVENT:

Subsequent to June 30, 2009, Our Piece of the Pie®, Inc. and the Hartford Board of Education opened Opportunity High School, a partnership school designed for over aged, under-credited youth who are at high risk of dropping out of high school. The goal of the school is to reengage these youth, lead them to high school graduation and prepare them for post-secondary education. The school opened on August 31, 2009 with 90 students, all of whom will be OPP Pathways members.