

**OUR PIECE OF THE PIE® , INC.**

**Financial Statements**

**June 30, 2015 and 2014**

**OUR PIECE OF THE PIE® , INC.**

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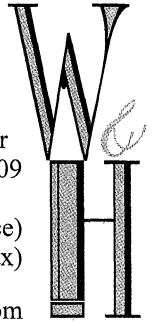
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INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Our Piece of the Pie®, Inc. (“OPP”), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

*Management’s Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

*Auditors’ Responsibility*

Our responsibility is to express an opinion on these financial statements based on 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to OPP’s preparation and fair presentation of the financial statements 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 OPP’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hartford, Connecticut  
October 21, 2015

*Whitney & Hadley, P.C.*

# OUR PIECE OF THE PIE®, INC.

## Statements of Financial Position

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets:</b>		
Current assets		
Cash and cash equivalents	\$ 1,223,813	\$ 835,954
Accounts and grants receivable, net	599,851	521,217
Prepaid expenses	<u>140,667</u>	<u>127,687</u>
Total current assets	1,964,331	1,484,858
Fixed assets, net	<u>6,254,803</u>	<u>5,114,666</u>
Total assets	<u>\$ 8,219,134</u>	<u>\$ 6,599,524</u>
<b>Liabilities and Net assets:</b>		
Liabilities:		
Current liabilities		
Accounts payable	\$ 392,247	\$ 236,949
Construction payable	-	843,031
Notes payable, short term	206,083	197,075
Line of credit	500,000	-
Accrued expenses	<u>210,543</u>	<u>183,207</u>
Total current liabilities	1,308,873	1,460,262
Notes payable, long term	<u>4,958,715</u>	<u>3,561,758</u>
Total liabilities	<u>6,267,588</u>	<u>5,022,020</u>
Net assets:		
Unrestricted	1,809,868	1,281,099
Temporarily restricted	<u>141,678</u>	<u>296,405</u>
Total net assets	<u>1,951,546</u>	<u>1,577,504</u>
Total liabilities and net assets	<u>\$ 8,219,134</u>	<u>\$ 6,599,524</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, 2015 and 2014

	2015	2014
<b>Revenues and support:</b>		
Government funding	\$ 3,781,874	\$ 4,295,209
Contributions and United Way	534,257	503,405
Academic and business services	531,644	-
Foundations	341,136	613,807
Corporations	234,149	417,429
Fundraising	140,449	81,444
Sales	16,508	9,242
Miscellaneous	14,002	11,263
Net assets released from restrictions	296,405	731,192
Total revenues and support	5,890,424	6,662,991
<b>Expenses:</b>		
Program services:		
OPP in the community	2,975,086	3,063,343
OPP in the schools	1,688,066	1,812,075
Program initiatives	615,710	1,030,072
Total program services	5,278,862	5,905,490
Supporting services:		
Management and general	469,995	487,708
Fundraising	340,700	268,842
Total supporting services	810,695	756,550
Total expenses	6,089,557	6,662,040
Revenue and support over/(under) expenses	(199,133)	951
<b>Other income/(expense)</b>		
Historic tax credit	1,235,353	-
In-kind donations	-	153,930
Interest expense	(192,758)	(18,770)
Depreciation	(314,693)	(44,030)
	727,902	91,130
<b>Change in unrestricted net assets</b>	528,769	92,081
<b>Temporarily restricted net assets:</b>		
Contributions from corporations and foundations	141,678	640,127
Net assets released from restrictions	(296,405)	(731,192)
<b>Change in temporarily restricted net assets</b>	(154,727)	(91,065)
Total change in net assets	374,042	1,016
Net assets at beginning of year	1,577,504	1,576,488
Net assets at end of year	\$ 1,951,546	\$ 1,577,504

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, 2015

	Program Services				Support Services			Total
	OPP in the Community	OPP in the Schools	Program Initiatives	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 1,501,382	\$ 1,006,532	\$ 415,354	\$ 2,923,268	\$ 313,428	\$ 203,481	\$ 516,909	\$ 3,440,177
Youth/program expenses	932,270	85,376	8,075	1,025,721	6,093	277	6,370	1,032,091
Subrecipients	-	109,226	-	109,226	-	-	-	109,226
Occupancy	281,665	49,682	44,039	375,386	30,671	1,131	31,802	407,188
Supplies	27,262	55,679	4,945	87,886	3,731	10,455	14,186	102,072
Services	109,039	181,901	93,051	383,991	66,989	79,559	146,548	530,539
Equipment	53,255	101,122	12,685	167,062	9,572	-	9,572	176,634
Meetings and transportation	22,647	28,423	37,561	88,631	24,334	3,860	28,194	116,825
Miscellaneous	47,566	70,125	-	117,691	15,177	41,937	57,114	174,805
Expenses before depreciation	2,975,086	1,688,066	615,710	5,278,862	469,995	340,700	810,695	6,089,557
Depreciation	23,082	289,382	-	312,464	2,229	-	2,229	314,693
<b>Total functional expenses</b>	<b>\$ 2,998,168</b>	<b>\$ 1,977,448</b>	<b>\$ 615,710</b>	<b>\$ 5,591,326</b>	<b>\$ 472,224</b>	<b>\$ 340,700</b>	<b>\$ 812,924</b>	<b>\$ 6,404,250</b>

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, 2014

	Program Services				Support Services			Total
	OPP in the Community	OPP in the Schools	Program Initiatives	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 1,525,056	\$ 1,463,752	\$ 382,202	\$ 3,371,010	\$ 281,292	\$ 179,992	\$ 461,284	\$ 3,832,294
Youth/program expenses	1,170,937	116,318	4,116	1,291,371	6,657	16	6,673	1,298,044
Occupancy	175,877	16,554	138,538	330,969	45,387	1,054	46,441	377,410
Supplies	14,661	17,848	13,099	45,608	11,452	7,436	18,888	64,496
Services	102,925	132,721	328,510	564,156	110,961	58,189	169,150	733,306
Equipment	15,855	10,885	42,665	69,405	7,416	1,449	8,865	78,270
Meetings and transportation	18,998	26,061	49,655	94,714	24,543	4,805	29,348	124,062
Miscellaneous	39,034	27,936	71,287	138,257	-	15,901	15,901	154,158
Expenses before depreciation	3,063,343	1,812,075	1,030,072	5,905,490	487,708	268,842	756,550	6,662,040
Depreciation	24,300	11,778	-	36,078	7,952	-	7,952	44,030
<b>Total functional expenses</b>	<b>\$ 3,087,643</b>	<b>\$ 1,823,853</b>	<b>\$ 1,030,072</b>	<b>\$ 5,941,568</b>	<b>\$ 495,660</b>	<b>\$ 268,842</b>	<b>\$ 764,502</b>	<b>\$ 6,706,070</b>

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, 2015 and 2014

	2015	2014
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 374,042	\$ 1,016
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	314,693	44,030
Historic tax credit	(1,235,353)	-
(Increase) in assets:		
Accounts and grants receivable	(78,634)	(46,543)
Prepaid expenses	(12,980)	(17,027)
Increase/(decrease) in liabilities:		
Accounts payable	155,298	49,075
Accrued expenses	27,336	(51,082)
Net change in cash from operating activities	(455,598)	(20,531)
<b>Cash flows from investing activities</b>		
Costs of building renovations	(1,454,830)	(4,231,559)
Historic tax credit	1,235,353	-
Net change in cash from investing activities	(219,477)	(4,231,559)
<b>Cash flows from financing activities</b>		
Proceeds from note payable	1,942,149	3,768,242
Proceeds from line of credit	500,000	-
Payments on note payable	(536,184)	(9,409)
Construction payable	(843,031)	-
Net change in cash from financing activities	1,062,934	3,758,833
Net change in cash and cash equivalents	387,859	(493,257)
Cash and cash equivalents at beginning of year	835,954	1,329,211
Cash and cash equivalents at end of year	\$ 1,223,813	\$ 835,954
<b>Supplemental disclosures:</b>		
Cash paid for interest	\$ 166,848	\$ 1,429

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

# OUR PIECE OF THE PIE®, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

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### NOTE 1 - ORGANIZATION:

#### Organization and Operations

Our Piece of the Pie®, Inc. (OPP) is a nonprofit organization founded in 1975 dedicated to helping 14 to 24 year-old urban youth become economically independent adults. OPP's unique model is centered around the personal, intense and consistent relationship developed between each youth and a caring, committed and proactive adult staff member. That relationship helps participants identify and overcome barriers, access programs within best practices in Youth Development, Workforce Readiness, and Academics, and to achieve the goals of high school graduation, a college degree and/or vocational certification and rewarding post-education employment.

OPP operates its programs as follows:

#### OPP in Communities

The OPP in the Communities strategy addresses protective factors that have been shown to help at-risk youth succeed. At OPP, each youth creates an Individualized Service Plan (ISP) that acts as their guide to services and programming at OPP (and supports external referrals) with the support of a Youth Development Specialist (YDS). Regularly revisited, a youth identifies a long-term goal (i.e. "I would like to be a nurse") and the short-term goals that are required (i.e. regular attendance at school, enroll in or graduate from high school, prepare for the SAT, enroll in/graduate from postsecondary program, etc.). The YDS supports and holds the youth accountable to achieving their goals, providing services within best practices of Youth Development, Workforce Readiness, and Academics. Overall outcomes include: 82% graduate high school; 77% enroll in and 64% complete an Associate's, Bachelor's or vocational program; 76% retain employment for 12+ months.

#### OPP in Community: Pathways to Career Initiative

To further help young people, in 2012 OPP developed the Pathways to Careers Initiative - a program linking young people with postsecondary credentials that lead to labor market-need jobs, all with the help and support of OPP. Since 2012, OPP has been providing at-risk youth with the supported postsecondary-to-employment experience through our partnership with Asnuntuck Community College's Advanced Manufacturing program. This is an intense, academic- and skills-based program giving youth the opportunity to develop skills and earn a vocational certification preparing them for successful careers in a high-demand field. Through the demonstrated success of this program, the program expanded, allowing us to expand into two additional sectors - Allied Health and Insurance & Finance. In the last year, this program has doubled through the award of key grant initiatives, serving more than 100 youth each year (up from 35 in 2013).

#### OPP in High Schools: Further Model Development and Opening of Path Academy Windham

Taking into account the bleak statistics of dropouts where each costs the State of Connecticut more than \$500,000 over their lifetime in lost potential tax revenue and cost of social services, the state's dropout population will have a long-term impact. However, with access and opportunity, all youth can succeed - and OPP is committed to helping struggling over-age, under-credited (OU) youth succeed and have opened three high schools in Connecticut to fight the dropout crisis. OPP operates OPPportunity Academy (Hartford; 2009), Learning Academy at Bloomfield (2012) and is the developer and charter management organization for Path Academy Windham (2014). In addition, OPP operated a school in partnership with Norwalk Public Schools; this contract ended in 2014.

With the mission to re-engage OU students in education, supporting them through mastery of skills necessary for college, career, and community success, the high school model integrates blended and project-based learning, accelerating credits which are earned based on mastery of Common Core-aligned skills/concepts. This work is anchored by Youth Development, Postsecondary Preparation, and Workforce Readiness supports.

## **NOTE 1 - ORGANIZATION (CONT'D.):**

As of 2015 in OPP's schools, 213 students in Hartford's model have graduated since 2009, and last year, 99 credits were recovered through mastery-based progression. At the Learning Academy at Bloomfield, with a maximum of 25 students, 45% of all students have graduated within two years and, this year, 17 students graduated, contributing 10% to Bloomfield's graduation rate. At Path Academy Windham, students earned 60% of their credits in-school and 40% out-of-school, demonstrating blended learning benefits. In June 2015, six students graduated, even though an initial graduating class was not anticipated.

OPP's continuing operation and expansion within high schools is a major accomplishment for the organization over the last year.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. OPP 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.

*Temporarily restricted net assets* - Net assets subject to donor imposed stipulations that may or will be met by actions of OPP and/or passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that OPP maintains them permanently. Generally, the donors of these assets permit OPP 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, 2015 and 2014.

### Revenue Recognition

OPP 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. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. 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.

### In-kind Contributions

In-kind contributions are recorded at the fair value of items contributed. There were no in-kind contributions for the current year. In-kind contributions for the year ended June 30, 2014, consisted of the donated building further discussed in Footnote 10.

### Accounts and Grants Receivable

Accounts and grants receivable are recorded at their net realizable value. Once the receivable is older than thirty days it is considered past due. OPP periodically evaluates the balance in the various aging categories, as well as the status of any significant past due account and establishes an allowance of uncollectible accounts. At June 30, 2015 and 2014 the allowance of uncollectible accounts was \$100,000 and \$-0-, respectively.

### Reclassifications

Certain reclassifications were made to the June 30, 2014 financial statements to be consistent with the June 30, 2015 presentation.

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

### Cash and Cash Equivalents

OPP considers cash on deposit with financial institutions, money market funds, and other highly liquid investments with an original maturity of three months or less to be cash equivalents. OPP 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.

### Fixed Assets

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:

Building	30 years
Building Leasehold improvements	5 - 7 years
Furniture, fixtures and computer equipment	3 - 5 years
Transportation equipment	3 - 5 years

### Federal and State Income Taxes

OPP 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, OPP qualifies for the charitable contribution deduction as provided in Section 170 of the Internal Revenue Code.

### 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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Subsequent Events Measurement Date

OPP monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year 2015 through October 21, 2015, the date on which the financial statements were available to be issued.

## NOTE 3 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments, which potentially subject OPP to concentrations of credit risk, consist primarily of cash and cash equivalents, support, and receivables.

FDIC insurance coverage is up to the maximum of \$250,000, per depositor, per bank. As of June 30, 2015, OPP had deposits of approximately \$950,000 in excess of federal deposit insurance. OPP has not experienced any losses on its cash and cash equivalents.

During the year ended June 30, 2015 OPP received 23% and 18% of funds from two sources. During the year ended June 30, 2014 OPP received 15%, 10% and 10% of funds from three sources.

For the years ended June 30, 2015 and 2014, outstanding receivables from sources of revenue considered a concentration are approximately \$216,000 and \$180,000 or 40% and 35%, respectively of the total outstanding receivable.

**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 - FIXED ASSETS:**

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

	<u>2015</u>	<u>2014</u>
Construction in progress	\$ -	\$ 4,901,610
Land	153,930	153,930
Building	5,863,907	-
Leasehold improvements	189,671	189,671
Furniture, fixtures and computer equipment	844,405	351,873
Transportation equipment	62,981	62,981
	<u>7,114,894</u>	<u>5,660,065</u>
Less: Accumulated depreciation	860,091	545,399
	<u>\$ 6,254,803</u>	<u>\$ 5,114,666</u>

**NOTE 6 - ACCOUNTS AND GRANTS RECEIVABLE:**

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

	<u>2015</u>	<u>2014</u>
Accounts receivables	\$ 164,645	\$ 10,859
Grants receivable	535,206	510,358
	<u>699,851</u>	<u>521,217</u>
Allowance for doubtful accounts	(100,000)	-
Total	<u>\$ 599,851</u>	<u>\$ 521,217</u>

**NOTE 7 - OPERATING LEASES:**

OPP rents office space at several locations. It also rents office equipment. The rental payments for these leases for the years ended June 30, 2015 and 2014, were \$223,527 and \$202,608, respectively.

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

2016	\$ 237,683
2017	238,774
2018	204,414
2019	208,810
2020	105,504

**NOTE 8 - PENSION PLAN:**

OPP 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. Effective as of January 1, 2013 employer contributions are applicable to the Plan. Each participant that satisfied the requirements of the amendment will receive an allocation of employer matching contributions for that plan that will not exceed 1% of the compensation received during that plan year. For the years ended June 30, 2015 and 2014, the pension expense was \$11,347 and \$8,838, respectively.

**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets represent unspent contributions and donations that are restricted by donor imposed stipulations.

Temporarily restricted net assets are comprised of all program related funds. During the year ended June 30, 2015 and 2014, \$141,678 and \$296,405, respectively of temporarily restricted net assets were released from restrictions by incurring expenses satisfying program related purposes.

**NOTE 10 - NOTES PAYABLE**

OPP entered into a \$40,000 note payable with HEDCO, Inc. on July 15, 2013, which bears an interest rate of 4.00%. Payments are due on the first day of each month beginning August 1, 2013. All payments including principal and interest shall be due and payable on July 1, 2017. The principal balance outstanding at June 30, 2015 is \$20,798.

OPP entered into a recoverable grant payable with LISC for \$100,000, which proceeds are to be used for predevelopment costs for the construction of Path Academy. OPP shall repay all amounts disbursed under this grant on the earlier of (i) securing of permanent financing, or (ii) June 30, 2016. There is no interest accrued or paid on the recoverable grant. The principal balance outstanding at June 30, 2015 is \$100,000.

OPP entered into two construction loan lines of credit with Webster Bank on December 5, 2013 for the total amount of \$5,500,000. OPP was required to make payments of interest only from the date of closing through the construction period. The principal balance outstanding at June 30, 2014 was \$3,628,242. On September 30, 2014, OPP converted the construction loan line of credit to permanent long term tax exempt financing.

The principal amount of the permanent long-term tax exempt financing is \$5,600,000. OPP paid a lump sum principal amount of \$500,000 from proceeds received from the sale of State of Connecticut Historic Preservation Tax Credits. The remaining terms of the loan is for a 30 year amortization with monthly payments of principal and interest of \$23,742. The interest rate is a 7 year fixed rate of 3.78%. Adjustments to the FHLB Advance Rate shall be effective on October 1<sup>st</sup> in the years of 2019, 2024, 2029, 2034, and 2039. The principal balance outstanding at June 30, 2015 is \$5,044,000. The note is secured by \$550,000 of unrestricted cash, the building, and income received for management services and leasing of the building to WCSC

The future minimum payments for all notes payable assuming conversion of the construction lines of credit to permanent financing are as follows:

<u>Years ending June 30,:</u>	
2016	\$ 206,083
2017	110,185
2018	103,409
2019	107,386
2020	111,516
Thereafter	4,526,219

**NOTE 11 - ACADEMIC AND BUSINESS SERVICES:**

OPP and Windham Charter School Corp. (“WCSC”) have entered into an agreement to develop a state charter school in the Windham area that has received approval and funding from the State of Connecticut. As part of the agreement between these two entities, in exchange for fees, OPP is to provide management and ancillary services.

OPP has obtained \$5,600,000 of financing for the renovation of a donated building to be used for the charter school. The school opened for classes in August, 2014. OPP will lease to WCSC the renovated building for an annual rent of \$294,640 for the initial term of July 1, 2014 – June 30, 2019. WCSC has two options to renew the lease for additional terms of five years. The renewal rent will increase each year over the preceding year by the cost of living.

For the years ended June 30, 2015 and 2014, income from the above sources totaled \$531,644 and \$-0-, respectively.

**NOTE 12 - LINE-OF-CREDIT:**

OPP has a line-of-credit for \$600,000 with Bank of America available to borrow funds as needed, expiring on March 15, 2016. The line requires interest to be paid monthly at the LIBOR rate, which was 0.15% at June 30, 2015, plus 3%. All borrowings are collateralized by equipment and receivables of OPP. As of June 30, 2015 and 2014 OPP has an outstanding balance of \$500,000 and \$-0-, respectively.