

OUR PIECE OF THE PIE®, INC.

June 30, 2019 and 2018

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*Government Auditing Standards***
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OUR PIECE OF THE PIE®, INC.

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I. FINANCIAL STATEMENTS

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, 2019 and 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2019 and 2018, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and the State Single Audit Act, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019, on our consideration of Our Piece of the Pie®, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Our Piece of the Pie®, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Our Piece of the Pie®, Inc.’s internal control over financial reporting and compliance.



Hartford, Connecticut
November 4, 2019

OUR PIECE OF THE PIE®, INC.

Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets		
Cash and cash equivalents	\$ 572,049	\$ 1,307,375
Accounts and grants receivable	370,444	411,254
Prepaid expenses	<u>165,298</u>	<u>127,938</u>
Total current assets	1,107,791	1,846,567
 Fixed assets, net	 <u>2,107,161</u>	 <u>5,543,244</u>
 Total assets	 <u><u>\$ 3,214,952</u></u>	 <u><u>\$ 7,389,811</u></u>
 Liabilities and Net Assets:		
Liabilities:		
Current liabilities		
Accounts payable	\$ 238,754	\$ 194,432
Notes payable, short term	123,147	143,662
Accrued expenses	<u>242,975</u>	<u>296,128</u>
Total current liabilities	604,876	634,222
 Notes payable, long term	 <u>4,525,923</u>	 <u>4,649,954</u>
 Total liabilities	 <u>5,130,799</u>	 <u>5,284,176</u>
 Net assets:		
Without donor restrictions	(2,468,137)	1,500,251
With donor restrictions	<u>552,290</u>	<u>605,384</u>
 Total net assets	 <u>(1,915,847)</u>	 <u>2,105,635</u>
 Total liabilities and net assets	 <u><u>\$ 3,214,952</u></u>	 <u><u>\$ 7,389,811</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, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenues and support:		
Government funding	\$ 4,650,924	\$ 4,314,831
Contributions	2,102,301	1,903,279
Academic and business services	117,000	535,907
Fundraising	28,475	9,237
Miscellaneous	7,441	15,111
Net assets released from restrictions	902,244	1,557,316
Total revenues and support	7,808,385	8,335,681
Expenses:		
Program services:		
OPP in the community	4,801,547	4,591,470
OPP in the schools	2,047,101	2,103,780
Program initiatives	180,102	397,058
Total program services	7,028,750	7,092,308
Supporting services:		
Management and general	788,674	703,069
Fundraising	315,727	308,567
Total supporting services	1,104,401	1,011,636
Total expenses	8,133,151	8,103,944
Revenue and support over/(under) expenses	(324,766)	231,737
Other income/(expense)		
Interest	(177,549)	(181,525)
Depreciation	(232,823)	(309,857)
Loss on impairment	(3,233,250)	-
	(3,643,622)	(491,382)
Changes in net assets without donor restrictions	(3,968,388)	(259,645)
Net assets with donor restrictions:		
Contributions	849,150	605,384
Net assets released from restrictions	(902,244)	(1,557,316)
Changes in net assets with donor restrictions	(53,094)	(951,932)
Total change in net assets	(4,021,482)	(1,211,577)
Net assets at beginning of year	2,105,635	3,317,212
Net assets at end of year	\$ (1,915,847)	\$ 2,105,635

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, 2019

	Program Services				Support Services			Total
	OPP in the Communities	OPP in the Schools	Program Initiatives	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 2,276,389	\$ 1,548,972	\$ 158,047	\$ 3,983,408	\$ 630,438	\$ 239,092	\$ 869,530	\$ 4,852,938
Youth/program expenses	1,842,263	69,459	-	1,911,722	3,736	264	4,000	1,915,722
Subrecipients	-	-	-	-	22,150	-	22,150	22,150
Occupancy	324,891	233,241	5,887	564,019	-	26,413	26,413	590,432
Supplies	23,569	41,151	230	64,950	11,647	11,205	22,852	87,802
Services	192,511	121,378	13,234	327,123	86,399	10,642	97,041	424,164
Equipment	46,329	16,238	570	63,137	2,704	1,146	3,850	66,987
Meetings and transportation	61,369	9,591	2,109	73,069	31,400	3,557	34,957	108,026
Miscellaneous	34,226	7,071	25	41,322	200	23,408	23,608	64,930
Total functional expenses	<u>\$ 4,801,547</u>	<u>\$ 2,047,101</u>	<u>\$ 180,102</u>	<u>\$ 7,028,750</u>	<u>\$ 788,674</u>	<u>\$ 315,727</u>	<u>\$ 1,104,401</u>	<u>\$ 8,133,151</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, 2018

	Program Services				Support Services			Total
	OPP in the Communities	OPP in the Schools	Program Initiatives	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 2,053,486	\$ 1,592,773	\$ 367,729	\$ 4,013,988	\$ 439,208	\$ 234,335	\$ 673,543	\$ 4,687,531
Youth/program expenses	1,932,682	84,149	-	2,016,831	4,214	576	4,790	2,021,621
Subrecipients	-	12,500	-	12,500	-	-	-	12,500
Occupancy	303,788	176,121	11,017	490,926	39,063	24,291	63,354	554,280
Supplies	29,786	54,597	750	85,133	10,541	5,004	15,545	100,678
Services	140,687	151,507	14,810	307,004	166,790	25,526	192,316	499,320
Equipment	37,872	15,211	993	54,076	12,130	2,016	14,146	68,222
Meetings and transportation	57,304	8,396	1,645	67,345	31,123	1,783	32,906	100,251
Miscellaneous	35,865	8,526	114	44,505	-	15,036	15,036	59,541
Total functional expenses	<u>\$ 4,591,470</u>	<u>\$ 2,103,780</u>	<u>\$ 397,058</u>	<u>\$ 7,092,308</u>	<u>\$ 703,069</u>	<u>\$ 308,567</u>	<u>\$ 1,011,636</u>	<u>\$ 8,103,944</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (4,021,482)	\$ (1,211,577)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	232,823	309,857
Loss on impairment	3,233,250	-
(Increase)/decrease in assets:		
Accounts and grants receivable	40,810	82,521
Prepaid expenses	(37,360)	5,071
Increase/(decrease) in liabilities:		
Accounts payable	44,322	6,908
Accrued expenses	(53,153)	(68,988)
Net change in cash from operating activities	<u>(560,790)</u>	<u>(876,208)</u>
Cash flows from investing activities		
Purchase of fixed assets	(29,990)	(70,715)
Net change in cash from investing activities	<u>(29,990)</u>	<u>(70,715)</u>
Cash flows from financing activities		
Payments on note payable	(144,546)	(128,030)
Net change in cash from financing activities	<u>(144,546)</u>	<u>(128,030)</u>
Net change in cash and cash equivalents	(735,326)	(1,074,953)
Cash and cash equivalents at beginning of year	<u>1,307,375</u>	<u>2,382,328</u>
Cash and cash equivalents at end of year	<u>\$ 572,049</u>	<u>\$ 1,307,375</u>
Non-cash investing and financing activities		
Equipment acquired with loan payable	<u>\$ -</u>	<u>\$ 72,557</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 177,549</u>	<u>\$ 181,525</u>

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

OUR PIECE OF THE PIE®, INC.

Notes to Financial Statements

June 30, 2019 and 2018

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 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. During the year ended June 30, 2019, OPP worked with 1,055 youths throughout its programs, supporting them on their path to economic independence.

OPP operates its programs as follows:

OPP in the 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. Last year, OPP's Community-Based programs worked with 983 youth. Additional outcomes include: 99 graduated with their high school diploma; 10 earned a two- or four-year college degree; and 113 earned a vocational certification. In addition, 254 learned key soft skills in Career Competency Development Training; 179 youth completed an internship experience, and 58 youth maintained employment for one year.

OPP in the Community: Youth Service Corps

Since May 2016, OPP has partnered with the City of Hartford in the Youth Service Corps. Designed as part of a city-wide plan to address a lack of employment and other opportunities for Hartford youth, the Youth Service Corps gives youth a meaningful way to work and serve, while earning a wage. Working with youth ages 16-24 most in need, the 221 Corps members complete service learning projects throughout the City and access OPP's wrap around services. This past year, the Corps youth completed 291 projects, 470 service learning hours and earned over \$0.7 million in wages.

NOTE 1 - ORGANIZATION (CONTINUED.):

OPP in High Schools

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 youth succeed and have opened two high schools in Connecticut to fight the dropout crisis. OPP operates OPPportunity Academy (Hartford; 2009), and Learning Academy at Bloomfield (2012).

With the mission to re-engage over-age, under-credited 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.

For the school year ended June 30, 2019, OPP's schools worked with 256 over-age, under-credited students, and 58 graduated with their high school diploma, which is remarkable given that all students were near- or former-dropouts. Since 2009, OPPportunity Academy alone has helped 349 students graduate high school with their diploma, prepared for their futures.

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

Financial statement presentation follows the requirements of the *Financial Statements of Not-for-Profit Organizations* topic of the FASB Accounting Standards Codification. Following these requirements, OPP reports information regarding its financial position and activities according to the following net assets categories:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of OPP. These net assets may be used at the discretion of OPP's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions will be met by actions of OPP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

New Accounting Pronouncement

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. OPP has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED.):

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as contributions without donor 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.

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 accounts and establishes an allowance for uncollectible accounts. At June 30, 2019 and 2018, management deemed all receivables collectible.

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. Cash also includes restricted cash of \$378,027 and \$375,656 at June 30, 2019 and 2018, respectively.

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.

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Youth/program expenses	Time and effort
Subrecipients	Time and effort
Occupancy	Square footage
Supplies	Usage
Services	Time and effort
Equipment	Usage
Meetings and transportation	Time and effort
Miscellaneous	Time and effort

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED.):

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 2019 through November 4, 2019, the date on which the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY:

The following represents OPP's financial assets at June 30, 2019:

Financial assets available to meet general expenditures over the next twelve months at year end:	
Cash and cash equivalents	\$ 572,049
Accounts and grants receivable	370,444
Financial assets, at year end	<u>942,493</u>
Less: amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(552,290)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 390,203</u>

OPP's goal is generally to maintain financial assets to meet 3 months of operating expenses. Subsequent to June 30, 2019, OPP has a line of credit of \$75,000 that can be used.

NOTE 4 - 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, 2019 and 2018, OPP had deposits of approximately \$50,000 and \$576,000 in excess of federal deposit insurance, respectively. OPP has not experienced any losses on its cash and cash equivalents.

During the year ended June 30, 2019, OPP received 21%, 16% and 15%, of funds from three sources. During the year ended June 30, 2018, OPP received 22%, 17% and 16% of funds from three sources.

For the years ended June 30, 2019 and 2018, outstanding receivables from sources of revenue considered a concentration are approximately \$106,000 and \$257,000, or 30% and 63%, respectively of total outstanding receivables.

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 - FIXED ASSETS:

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

	<u>2019</u>	<u>2018</u>
Land	\$ 57,069	\$ 153,930
Building	2,727,518	5,863,907
Leasehold improvements	170,817	189,671
Furniture, fixtures and computer equipment	1,053,072	1,053,073
Transportation equipment	<u>125,670</u>	<u>95,680</u>
	4,134,146	7,356,261
Less: Accumulated depreciation	<u>(2,026,985)</u>	<u>(1,813,017)</u>
	<u>\$ 2,107,161</u>	<u>\$ 5,543,244</u>

OPP has determined the land and building above to be an impaired asset as of June 30, 2019. The land and building cost above are classified as long-lived assets held for sale. The carrying value of the property has been reduced in the land and building amounts above. See Note 14 for additional details.

NOTE 7 - ACCOUNTS AND GRANTS RECEIVABLE:

Accounts and grants receivable consisted of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 91,806	\$ 67,351
Grants receivable	<u>278,638</u>	<u>343,903</u>
Total	<u>\$ 370,444</u>	<u>\$ 411,254</u>

NOTE 8 - OPERATING LEASES:

OPP rents office space at several locations and office equipment through leases which expires at various dates through 2021. Lease expense for the years ended June 30, 2019 and 2018 was \$339,508 and \$344,629, respectively.

Future minimum lease payments are \$210,812 and \$107,504 for the years ending June 30, 2020 and 2021, respectively.

NOTE 9 - PENSION PLAN:

OPP has a defined contribution pension plan (the “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 January 1, 2013 employer contributions are applicable to the Plan. Each participant that satisfied the requirements of the amendment receives an allocation of employer matching contributions that will not exceed 3% of the compensation received during that Plan year. For the years ended June 30, 2019 and 2018, pension expense was \$58,233 and \$27,115, respectively.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following time and purpose restrictions at June 30:

	<u>2019</u>	<u>2018</u>
OPP in the Community	\$ 452,290	\$ 481,154
OPP in the Schools	100,000	124,230
Total time and purpose restrictions	<u>\$ 552,290</u>	<u>\$ 605,384</u>

Net assets were released from restrictions by incurring expense satisfying the purpose restrictions for the years ended June 30 as follows:

	<u>2019</u>	<u>2018</u>
OPP in the Community	\$ 778,014	\$ 1,457,316
OPP in the Schools	124,230	100,000
Total time and purpose restrictions	<u>\$ 902,244</u>	<u>\$ 1,557,316</u>

NOTE 11 - NOTES PAYABLE:

OPP entered into two construction loan lines of credit during December 2013. On September 30, 2014, OPP converted the construction loan lines 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 term 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 1st in the years of 2019, 2024, 2029, 2034, and 2039. On September 30, 2014, OPP converted the construction loan line of credit to permanent long term tax exempt financing. The note is secured by \$300,000 of restricted cash, the building and income received for management services and leasing of the building to Windham Charter School Corporation (“WCSC”). In 2019, WCSC relinquished their rental lease with OPP. The principal balance outstanding at June 30, 2019 and 2018 is \$4,638,353 and \$4,745,709, respectively.

NOTE 11 - NOTES PAYABLE (CONTINUED.):

With the loss of the WCSC revenue and the failure of OPP to meet the Debt Service Covenant Ratio by having a -11.05:1 ratio which is below the required 1.2:1 ratio and has 21 days of cash on hand which is below the required 30 days. OPP is not in compliance with its debt covenants required by Webster Bank. OPP received a forbearance through March 2020. OPP is meeting all debt obligations under the forbearance agreement.

In November 2017, OPP entered into a \$72,557 loan agreement with a vendor for the purchase of equipment. The loan is non-interest bearing with monthly payments of \$3,023, expiring November 2019.

The future minimum payments are as follows for the years ending June 30:

2020	\$	123,147
2021		115,805
2022		120,260
2023		124,885
2024		129,688
Thereafter		4,035,285
	\$	<u>4,649,070</u>

NOTE 12 - LINE OF CREDIT:

OPP had a line of credit for \$850,000 with Bank of America which was available to borrow funds as needed. The line of credit expired on March 15, 2019 and was not renewed. The line required interest to be paid monthly at the LIBOR rate, which was 0.15% at June 30, 2019 and 2018, plus 3%. All borrowings were collateralized by equipment and receivables of OPP. As of June 30, 2019 and 2018, OPP had no outstanding balance due on the line of credit.

NOTE 13 - ACADEMIC AND BUSINESS SERVICES:

OPP and WCSC entered into an agreement to develop a state charter school in the Windham area that has received 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 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 leased the renovated building to WCSC for an annual rent of \$294,640 for the initial term of July 1, 2014–June 30, 2019. During July 2018, WCSC surrendered their lease. See Note 11.

For the years ended June 30, 2019 and 2018, income from WCSC totaled \$-0- and \$535,907 respectively.

NOTE 14 - IMPAIRMENT OF ASSETS HELD FOR SALE:

Land and building costs related to property located in Willimantic, Connecticut have been determined as an impaired asset as of June 30, 2019 as indicated in Note 6. Due to the loss of WCSC revenue, OPP cannot continue to maintain the land and building. OPP is in the process of finding a potential buyer. During this process, OPP concluded that the property value is impaired. The fair value of the land and building is estimated to be \$1,905,000 which was determined by using the most recent property tax assessment available to OPP. Accordingly, OPP recorded a loss on impairment of \$3,233,250 in the Statements of Activities for the year ended June 30, 2019. OPP is seeking a buyer for the building.

**II. REPORTS IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Our Piece of the Pie®, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of financial statements, we considered Our Piece of the Pie®, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Our Piece of the Pie®, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Our Piece of the Pie®, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Our Piece of the Pie®, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Our Piece of the Pie®, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Our Piece of the Pie®, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
November 4, 2019

III. REPORTS IN ACCORDANCE WITH UNIFORM GUIDANCE

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Our Piece of the Pie®, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Our Piece of the Pie®, Inc.'s major federal programs for the year ended June 30, 2019. Our Piece of the Pie®, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs – federal awards.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Our Piece of the Pie®, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Our Piece of the Pie®, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Our Piece of the Pie®, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Our Piece of the Pie®, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Our Piece of the Pie®, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Our Piece of the Pie®, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Our Piece of the Pie®, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hartford, Connecticut
November 4, 2019

OUR PIECE OF THE PIE®, INC.

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services:				
<i>Pass-through Programs from:</i>				
State of Connecticut Department of Children and Families				
John H. Chafee Foster Care Independence Program	93.674	90496	\$ -	\$ 286,157
U.S. Department of Labor:				
<i>Pass-through Programs from:</i>				
Capital Workforce Partners				
WIOA Youth Activities	17.259	76023	-	399,585
<i>Pass-through Programs from:</i>				
The Science of Improving Lives				
Reentry Employment Opportunities	17.270	30746	-	436,566
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,122,308</u>

See accompanying notes to schedule of expenditures of federal awards.

OUR PIECE OF THE PIE®, INC.

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Our Piece of the Pie®, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Our Piece of the Pie®, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Our Piece of the Pie®, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Our Piece of the Pie®, Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OUR PIECE OF THE PIE®, INC.

Schedule of Findings and Questioned Costs – Federal Awards

June 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of Uniform Guidance?

_____ yes X no

Identification of Major Programs

Name of Federal Program or Cluster _____	CFDA Number _____
--	-------------------------

U.S. Department of Health and Human Services:

State of Connecticut Department of Children and Families

John H. Chafee Foster Care Independence Program

93.674

Dollar threshold used to distinguish between

Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

IV. REPORTS IN ACCORDANCE WITH STATE SINGLE AUDIT

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE STATE SINGLE AUDIT ACT

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

Report on Compliance for Each Major State Program

We have audited Our Piece of the Pie®, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Our Piece of the Pie®, Inc.'s major state programs for the year ended June 30, 2019. Our Piece of the Pie®, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs – state awards.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Our Piece of the Pie®, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Our Piece of the Pie®, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Our Piece of the Pie®, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Our Piece of the Pie®, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Our Piece of the Pie®, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Our Piece of the Pie®, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Our Piece of the Pie®, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.



Hartford, Connecticut
November 4, 2019

OUR PIECE OF THE PIE®, INC.

Schedule of Expenditures of State Financial Assistance

For the year ended June 30, 2019

State Grantor/ Pass-through Grantor/ Program Title	State Grant Program Core CT-Number	Pass Through to Subrecipients	Expenditures
State of Connecticut Department of Children and Families: Child Welfare Support Services	11000-DCF91100-16120	\$ -	\$ 948,517
State of Connecticut Department of Labor: Pass-through Capital Workforce Partners Connecticut's Youth Employment Program	12060-DOL40000-12205	-	388,877
State of Connecticut Office of Policy and Management: Pass-through Capital Workforce Partners Nonprofit Grant Program (NGP)	12052-OPM20830-43574	-	29,973
State of Connecticut Judicial Branch: Court Support Services	Unknown	-	40,000
Youth Services Prevention	11000-JUD96114-12559-087	-	20,150
Total Expenditures of State Financial Assistance		<u>\$ -</u>	<u>\$ 1,427,517</u>

See accompanying note to schedule of expenditures of state financial assistance.

OUR PIECE OF THE PIE®, INC.

Note to Schedule of Expenditures of State Financial Assistance

For the year ended June 30, 2019

The accompanying Schedule of Expenditures of State Financial Assistance (the “Schedule”) includes state grant activity of Our Piece of the Pie®, Inc. under programs of the State of Connecticut for the fiscal year ended June 30, 2019. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including the expanding employment opportunities for youth, providing employment placement and retention services for adults, expanding the availability of childcare, and encouraging economic development.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The accounting policies of Our Piece of the Pie®, Inc., conform to accounting principles generally accepted in the United States of America as applicable to not for profit agencies.

The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column on the Schedule.

OUR PIECE OF THE PIE®, INC.

Schedule of Findings and Questioned Costs - State Awards

For the year ended June 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' opinion issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____	no
Significant deficiency(ies) identified?	_____	yes	_____ <u>X</u> _____	none reported

Noncompliance material to financial statements noted?

	_____	yes	_____ <u>X</u> _____	no
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State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____	no
Significant deficiency(ies) identified?	_____	yes	_____ <u>X</u> _____	none reported

Type of auditors' opinion issued on compliance for major state programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

	_____	yes	_____ <u>X</u> _____	no
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The following schedule reflects the major state programs included in the audit:

State Grantor and Program	State Core CT Number	<u>Expenditures</u>
State of Connecticut Department of Children and Families: Child Welfare Support Services	11000-DCF91110-16120	\$ 948,517
State of Connecticut Office of Policy and Management: Nonprofit Grant Program (NGP)	12052-OPM20830-43574	29,973
Dollar threshold to distinguish between type A and type B programs		<u>\$ 200,000</u>

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

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