

**OUR PIECE OF THE PIE®, INC.**

Independent Auditors' Report  
Financial Statements

June 30, 2020 and 2019



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

**OUR PIECE OF THE PIE®, INC.**

**Table of Contents**

---

Independent Auditors' Report.....	1 - 2
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 15

## INDEPENDENT AUDITORS' REPORT

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

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, 2020 and 2019, 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, 2020 and 2019, 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.

*Whittlesey PC*

Hartford, Connecticut  
October 20, 2020

# OUR PIECE OF THE PIE®, INC.

## Statements of Financial Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current assets		
Cash, restricted cash, and cash equivalents	\$ 2,415,999	\$ 572,049
Accounts and grants receivable	252,039	370,444
Prepaid expenses	198,457	165,298
Total current assets	<u>2,866,495</u>	<u>1,107,791</u>
Non-current assets		
Unemployment trust reserve	<u>89,054</u>	<u>67,839</u>
Fixed assets, net	<u>1,948,909</u>	<u>2,107,161</u>
Total assets	<u><u>\$ 4,904,458</u></u>	<u><u>\$ 3,282,791</u></u>
<b>Liabilities and Net Assets:</b>		
Liabilities:		
Current liabilities		
Accounts payable	\$ 190,977	\$ 238,754
Note payable - Paycheck Protection Program	842,737	-
Notes payable, short term	87,220	123,147
Accrued expenses	410,228	242,975
Total current liabilities	<u>1,531,162</u>	<u>604,876</u>
Non-current liabilities		
Unemployment trust reserve - liability	89,054	67,839
Notes payable, long term	<u>4,551,133</u>	<u>4,525,923</u>
Total non-current liabilities	<u>4,640,187</u>	<u>4,593,762</u>
Total liabilities	<u>6,171,349</u>	<u>5,198,638</u>
Net assets (deficit):		
Without donor restrictions	(2,680,647)	(2,468,137)
With donor restrictions	<u>1,413,756</u>	<u>552,290</u>
Total net assets (deficit)	<u>(1,266,891)</u>	<u>(1,915,847)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 4,904,458</u></u>	<u><u>\$ 3,282,791</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, 2020 and 2019

	2020	2019
<b>Changes in net assets without donor restrictions:</b>		
<b>Revenues and support:</b>		
Government grants	\$ 4,770,178	\$ 4,650,924
Contributions	1,714,772	2,102,301
Academic and business services	-	117,000
Fundraising	4,766	28,475
Miscellaneous	11,625	7,441
Net assets released from restrictions	1,933,413	902,244
Total revenues and support	8,434,754	7,808,385
<b>Expenses:</b>		
Program services:		
Youth Development	1,319,935	1,474,971
Employment	3,517,427	3,343,906
Education	2,014,718	2,048,166
Data and accountability	317,812	180,102
Total program services	7,169,892	7,047,145
Supporting services:		
Management and general	949,531	771,848
Fundraising	369,589	314,158
Total supporting services	1,319,120	1,086,006
Total expenses	8,489,012	8,133,151
Revenue and support over/(under) expenses	(54,258)	(324,766)
<b>Other income/(expense)</b>		
Interest	-	(177,549)
Depreciation	(158,252)	(232,823)
Loss on impairment	-	(3,233,250)
	(158,252)	(3,643,622)
<b>Change in net assets without donor restrictions</b>	<b>(212,510)</b>	<b>(3,968,388)</b>
<b>Net assets with donor restrictions:</b>		
Contributions	2,794,879	849,150
Net assets released from restrictions	(1,933,413)	(902,244)
<b>Change in net assets with donor restrictions</b>	<b>861,466</b>	<b>(53,094)</b>
Total change in net assets	648,956	(4,021,482)
Net assets (deficit) at beginning of year	(1,915,847)	2,105,635
Net assets (deficit) at end of year	\$ (1,266,891)	\$ (1,915,847)

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, 2020

	Program Services				Support Services				Total
	Youth Development	Employment	Education	Data and Accountability	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 812,780	\$ 1,271,731	\$ 1,556,141	\$ 236,163	3,876,815	\$ 766,184	\$ 313,947	\$ 1,080,131	\$ 4,956,946
Youth/program expenses	219,345	1,861,898	86,023	2,052	2,169,318	13,548	3,591	17,139	2,186,457
Subrecipients	56,125	-	-	-	56,125	-	-	-	56,125
Occupancy	151,645	160,797	207,910	14,419	534,771	8,540	27,528	36,068	570,839
Supplies	17,405	39,045	62,924	827	120,201	22,825	3,211	26,036	146,237
Services	27,869	116,098	38,702	56,325	238,994	94,561	5,222	99,783	338,777
Equipment	13,243	10,988	48,090	2,375	74,696	1,084	1,229	2,313	77,009
Meetings and transportation	19,548	56,870	8,429	3,685	88,532	24,075	3,059	27,134	115,666
Miscellaneous	1,975	-	6,499	1,966	10,440	18,714	11,802	30,516	40,956
Total functional expenses	<u>\$ 1,319,935</u>	<u>\$ 3,517,427</u>	<u>2,014,718</u>	<u>\$ 317,812</u>	<u>\$ 7,169,892</u>	<u>\$ 949,531</u>	<u>\$ 369,589</u>	<u>\$ 1,319,120</u>	<u>\$ 8,489,012</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, 2019

	Program Services				Support Services				Total
	Youth Development	Employment	Education	Data and Accountability	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 1,013,881	\$ 1,262,508	\$ 1,548,972	\$ 158,047	\$ 3,983,408	\$ 629,631	\$ 239,092	\$ 868,723	\$ 4,852,131
Youth/program expenses	143,726	1,698,529	69,467	-	1,911,722	4,361	264	4,625	1,916,347
Subrecipients	22,150	-	-	-	22,150	-	-	-	22,150
Occupancy	140,612	179,618	239,396	5,887	565,513	75	24,844	24,919	590,432
Supplies	6,514	15,226	52,780	230	74,750	12,029	11,205	23,234	97,984
Services	69,235	123,276	111,378	13,234	317,123	86,399	10,642	97,041	414,164
Equipment	46,329	-	11,189	570	58,088	7,753	1,146	8,899	66,987
Meetings and transportation	7,707	55,254	7,999	2,109	73,069	31,400	3,557	34,957	108,026
Miscellaneous	24,817	9,495	6,985	25	41,322	200	23,408	23,608	64,930
Total functional expenses	\$ 1,474,971	\$ 3,343,906	2,048,166	\$ 180,102	\$ 7,047,145	\$ 771,848	\$ 314,158	\$ 1,086,006	\$ 8,133,151

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 648,956	\$ (4,021,482)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	158,252	232,823
Loss on impairment	-	3,233,250
(Increase)/decrease in assets:		
Accounts and grants receivable	118,405	40,810
Prepaid expenses	(33,159)	(37,360)
Increase/(decrease) in liabilities:		
Accounts payable	(47,777)	44,322
Accrued expenses	167,253	(53,153)
Net change in cash from operating activities	<u>1,011,930</u>	<u>(560,790)</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	-	(29,990)
Net change in cash from investing activities	<u>-</u>	<u>(29,990)</u>
<b>Cash flows from financing activities</b>		
Note payable - Paycheck Protection Program	842,737	-
Payments on note payable	(10,717)	(144,546)
Net change in cash from financing activities	<u>832,020</u>	<u>(144,546)</u>
Net change in cash, restricted cash, and cash equivalents	1,843,950	(735,326)
Cash, restricted cash, and cash equivalents at beginning of year	<u>572,049</u>	<u>1,307,375</u>
Cash, restricted cash, and cash equivalents at end of year	<u>\$ 2,415,999</u>	<u>\$ 572,049</u>
<b>Supplemental disclosures:</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 177,549</u>

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

# OUR PIECE OF THE PIE®, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

---

### NOTE 1 - ORGANIZATION:

*Organization and Operations* - Our Piece of the Pie, Inc. (OPP®) empowers youth with the key competencies needed to overcome barriers and succeed in education and employment.

Established in 1975, OPP targets greater Hartford youth, ages 14 to 24, who face major obstacles to success. OPP services focus on a high risk population of youth who have not completed high school; are disconnected or disengaged from school; have current or past involvement with the juvenile justice or foster care systems; and are under or un-employed. As a community partner, OPP also provides general youth development services and early employment training to Hartford's youth.

As the largest employer of youth in the City of Hartford, OPP paid 940 youth more than \$1,552,417 in stipends and wages in FY2019.

OPP's unique model is centered on the personal and consistent relationship developed between each youth and a caring, committed and proactive adult staff member called a Youth Development Specialist (YDS). Every youth is paired with a YDS, develops an individualized success plan with clear goals for personal development, education and employment readiness. OPP has concentrated its services to ensure that youth: a) strengthen personal development, including developing healthy habits of success in the areas of life skills and financial capabilities; b) achieve educational success and credentialing through alternative education opportunities at Opportunity Academy, tutoring and homework help and stackable post-secondary certifications; and c) obtain workforce readiness skills to earn & learn through career competency development training, service learning projects, internship and job placement. Long-term, OPP works to ensure that youth complete a post-secondary or vocational credential, and sustained employment post one year of program completion.

*Youth Development* – Youth Development services focus on the building of healthy habits and skills that prepare youth to demonstrate and achieve competence, confidence, and connections to the community. Using cognitive behavioral support tools, skill acquisition strategies aimed at building resilience and reducing risk factors, including barrier identification and reduction, strengthening self-esteem and confidence while supporting youth when problems arise, connecting them to other support services, and improving positive networks through connecting with two or more adults in the community.

*Education* – Education services are provided through district-aligned, diploma granting public school partnerships that include Opportunity Academy and the Learning Academy Bloomfield. Additional academic services and supports are provided targeting access to industry recognized credentials, and post-secondary bridging. The focus is supporting academic pathways that lead to educational achievement diploma/GED attainment and post-secondary retention.

*Employment* – Workforce Readiness programs assist youth with opportunities to experience and develop important work readiness skills for long-term employment. Skills building focused on career competency development training (soft skills, resume writing, job shadowing), service learning, entrepreneurial and business skills, subsidized/un-subsidized internships, employment placements, and employment retention. Embedded are also financial capability services to help youth learn about banking, savings, credit, managing debt, and budgeting. Most importantly, youth have real-time access to a continuum of developmental work readiness experiences that include hands-on “work-to-learn” youth businesses in arts, digital media, and carpentry, all of which offer youth the opportunity to learn occupational skills while building their resume.

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

Data and Accountability - OPP incorporates best practices and uses real-time, integrated, youth-level data to ensure service quality and progression and agency-wide accountability for results. Data and information is accessible to staff and stakeholders for analysis supporting improved services, operations, policies and outcomes for youth in Hartford. As a learning organization, OPP also participates in various local, state and national data collaboratives.

## 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 – Effective July 1, 2019, OPP adopted Accounting Standard Update (“ASU”) No. 2014-09 – *Revenue from Contracts with Customers* (Topic 606). This ASU establishes a single comprehensive model for an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled, and supersedes nearly all existing revenue recognition guidelines, to clarify and converge revenue recognition principles under U.S. GAAP. The update requires more comprehensive disclosures relating to quantitative and qualitative information for amounts, timing, the nature and uncertainty of revenue and cash flows arising from contracts with customers. The application of this guidance did not have an impact on the financial statements.

Effective July 1, 2019, OPP adopted ASU No. 2016-18 – *Statement of Cash Flows* (Topic 230): *Restricted Cash*. The update addresses the classification and presentation of changes in restricted cash on the statements of cash flows. A key change required by ASU No. 2016-18 is that restricted cash controlled by OPP is now included in the statements of cash flows.

Effective July 1, 2019, OPP adopted ASU No. 2018-08 – *Not-For-Profit Entities* (Topic 958): “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” The update clarifies guidance about whether a transfer of assets is a contribution or an exchange transaction and whether a contribution is conditional or unconditional. In comparison to the year ended June 30, 2019, the effect of adopting the new accounting principle has no effect on contributions or grant revenue.

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 \$375,035 and \$378,027 at June 30, 2020 and 2019, respectively.

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

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

Grants and Contracts – OPP receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, staffing and other requirements. Such government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received on grants and government contracts prior to incurring allowable expenses are recorded as refundable advances. There were no refundable advances as of June 30, 2020 and 2019, respectively. At June 30, 2020 OPP had unexpended grants of approximately \$4,430,000 that have not been recognized pending fulfillment of conditions associated with the Uniform Guidance and Connecticut State Single Audit Act requirements.

Contributions – OPP receives contributions to support operating activities, endowments, and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. OPP records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, having a measurable performance or other barrier and right of return, are recorded as refundable advances upon receipt and are recognized as the conditions on which they depend are substantially met or explicitly waived by the donor.

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, 2020 and 2019, management deemed all receivables collectible.

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. Salaries and benefits, youth/program expenses, subrecipients, services, meetings and transportation, and miscellaneous expenses are allocated by time and effort. Occupancy is allocated by square footage. Supplies and equipment are allocated by usage. All other expenses are direct costs.

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.

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

*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.

*Reclassifications* – Certain reclassifications have been made to the June 30, 2019 financial statements to conform to the June 30, 2020 presentation.

*Subsequent Events Measurement Date* – OPP monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements from June 30, 2020 through October 20, 2020, the date on which the financial statements were available to be issued.

**NOTE 3 - AVAILABILITY AND LIQUIDITY:**

The following represents OPP's financial assets available to meet general expenditures over the next twelve months at June 30:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash, restricted cash, and cash equivalents	\$ 2,415,999	\$ 572,049
Accounts and grants receivable	252,039	370,444
Financial assets, at year end	<u>2,668,038</u>	<u>942,493</u>
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(1,413,756)</u>	<u>(552,290)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,254,282</u>	<u>\$ 390,203</u>

OPP's goal is generally to maintain financial assets to meet 3 months of operating expenses.

**NOTE 4 - ACCOUNTS AND GRANTS RECEIVABLE:**

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

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 81,902	\$ 91,806
Grants receivable	170,137	278,638
Total	<u>\$ 252,039</u>	<u>\$ 370,444</u>

**NOTE 5 - UNEMPLOYMENT TRUST RESERVE:**

OPP has established an Unemployment Trust Reserve account to manage its unemployment claims. The account is held and managed by Unemployment Trust Services. OPP has recorded an asset on the statements of financial position which represents the amount of cash in the reserve account, and a liability for expected claims to be paid.

**NOTE 6 - FIXED ASSETS:**

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

	<u>2020</u>	<u>2019</u>
Land	\$ 57,069	\$ 57,069
Building	2,727,518	2,727,518
Leasehold improvements	170,817	170,817
Furniture, fixtures and computer equipment	1,053,073	1,053,073
Transportation equipment	<u>125,670</u>	<u>125,670</u>
	4,134,147	4,134,147
Less: Accumulated depreciation	<u>(2,185,238)</u>	<u>(2,026,986)</u>
	<u><u>\$ 1,948,909</u></u>	<u><u>\$ 2,107,161</u></u>

OPP has determined the land and building above to be an impaired asset as of June 30, 2020 and 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 16 for additional details.

**NOTE 7 - NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM**

During May 2020, OPP received approval for a Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loan in the amount of \$842,737. Under the PPP, funds are forgivable if utilized for qualified expenditures according to the program criteria incurred over a period of eight to twenty four weeks following the date of funding. In order to qualify for forgiveness, the funding must be spent on eligible payroll expenses, and up to 40% may be spent on other eligible expenditures, such as rent and utilities. As outlined by the SBA, any unforgiven balance must be repaid over two years at an annual interest rate of 1% with an initial deferment period of up to ten months from disbursement date of loan (interest will accrue). OPP has recorded this loan as a note payable as of June 30, 2020. OPP intends to submit an application to receive forgiveness on the loan subsequent to year end.

**NOTE 8 - 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 1<sup>st</sup> 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, 2020 and 2019 was \$4,638,353.

OPP received a forbearance agreement through January 2021. Under the agreement, no payments are required and all covenants related to the loan are suspended.

**NOTE 8 - NOTES PAYABLE (CONT'D.):**

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, which expired in November 2019. The loan was paid off as of June 30, 2020.

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

2021	\$	87,220
2022		115,805
2023		120,260
2024		124,885
2025		129,688
Thereafter		4,060,495
	\$	<u>4,638,353</u>

**NOTE 9 - LINE OF CREDIT:**

OPP has a line of credit for \$75,000 with a lender which is available to borrow funds as needed. The line of credit expires on August 30, 2020 and is in process of being extended. The line requires interest to be paid per annum at a rate of 4% at June 30, 2020 and 2019

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:**

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

	2020	2019
Youth development	\$ 246,804	\$ 28,838
Employment	878,704	423,452
Education	137,500	100,000
Data and accountability	150,748	-
Total time and purpose restrictions	<u>\$ 1,413,756</u>	<u>\$ 552,290</u>

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

	2020	2019
Youth development	\$ 514,260	\$ 23,662
Employment	1,032,401	\$ 754,352
Education	237,500	124,230
Data and accountability	149,252	-
Total time and purpose restrictions	<u>\$ 1,933,413</u>	<u>\$ 902,244</u>

**NOTE 11 - 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, 2020 and 2019, OPP had deposits of approximately \$1,956,000 and \$50,000 in excess of federal deposit insurance, respectively. OPP has not experienced any losses on its cash and cash equivalents.

**NOTE 11 - CONCENTRATIONS OF CREDIT RISK (CONT'D.):**

During the year ended June 30, 2020, OPP received 57%, of funds from four sources. During the year ended June 30, 2019, OPP received 52% of funds from three sources.

For the years ended June 30, 2020 and 2019, outstanding receivables from sources of revenue considered a concentration are approximately \$96,000 and \$106,000, or 38% and 30%, respectively of total outstanding receivables.

**NOTE 12 - 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 13 - OPERATING LEASES:**

OPP rents office space at several locations and office equipment through leases which expires at various dates through the year ending June 30, 2021. Lease expense for the years ended June 30, 2020 and 2019 was \$323,505 and \$328,508, respectively.

Future minimum lease payments is \$107,504 for the year ending June 30, 2021.

**NOTE 14 - 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, 2020 and 2019, pension expense was \$72,071 and \$46,905, respectively.

**NOTE 15 - 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 8.

For the years ended June 30, 2020 and 2019, income from WCSC totaled \$-0- and \$117,000 respectively.

**NOTE 16 - 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 disclosed in Note 5. 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.



## **NOTE 17 - RISK AND UNCERTAINTIES**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. COVID-19 has caused significant disruption in the national and global economy. OPP’s operating activities, liquidity, and cash flows may be adversely affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration. Therefore, while OPP expects this matter to negatively impact the business, the related financial impact cannot be reasonably estimated at this time.

**Headquarters**

280 Trumbull Street, 24th Floor  
Hartford, CT 06103  
860.522.3111

---

One Hamden Center  
2319 Whitney Avenue, Suite 2A  
Hamden, CT 06518  
203.397.2525

14 Bobala Road, 3rd Floor  
Holyoke, MA 01040  
413.536.3970

---

**WAdvising.com**