

COMMUNITY EDUCATION PROJECT, INC.

DECEMBER 31, 2010

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NICHOLAS LAPIER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Community Education Project, Inc.
Holyoke, Massachusetts

We have reviewed the accompanying statements of financial position of Community Education Project, Inc., (a non-profit organization) as of December 31, 2010, and the related statements of income and retained earnings and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2010 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended December 31, 2009, were audited by us, and we expressed an unqualified opinion on them in our report dated August 2, 2010, but we have not performed any auditing procedures since that date.

Nicholas LaPier CPA, P.C.

Nicholas LaPier, CPA, PC
December 11, 2011

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**COMMUNITY EDUCATION PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS

	<u>Reviewed 2010</u>	<u>Audited 2009</u>
<i>ASSETS</i>		
Cash	\$ 55,258	\$ 42,027
Grants and accounts receivable	107,179	225,955
Prepaid expense	<u>25</u>	<u>25</u>
Total current assets	162,462	268,007
 Equipment and furnishing, net	 <u>2,432</u>	 <u>5,747</u>
 Total assets	 <u>\$ 164,894</u>	 <u>\$ 273,754</u>

LIABILITIES AND NET ASSETS

<i>LIABILITIES</i>		
Accounts payable	\$ 3,335	\$ 3,242
Accrued payroll and related expenses	<u>14,140</u>	<u>14,762</u>
Total liabilities	<u>17,475</u>	<u>18,004</u>
 <i>NET ASSETS</i>		
Unrestricted	48,296	45,547
Temporarily restricted	<u>99,123</u>	<u>210,203</u>
Total net assets	<u>147,419</u>	<u>255,750</u>
 Total liabilities and net assets	 <u>\$ 164,894</u>	 <u>\$ 273,754</u>

See accompanying notes and Independent Accountants' Review Report

COMMUNITY EDUCATION PROJECT, INC.
STATEMENTS OF ACTIVITIES
DECEMBER 31, 2010 AND COMPARATIVE TOTAL FOR 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Reviewed 2010 Total</u>	<u>Audited 2009 Total</u>
Revenue and support				
Grants and reimbursement contracts	\$ 50,254	\$ 162,264	\$ 212,518	\$ 322,010
Interest income	765	-	765	850
Special event income	400	-	400	479
Other income	3,325	-	3,325	4,915
In kind contributions	4,800	-	4,800	4,800
Total unrestricted revenue and support	<u>59,544</u>	<u>162,264</u>	<u>221,808</u>	<u>333,054</u>
Net assets released from restrictions	<u>273,344</u>	<u>(273,344)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>332,888</u>	<u>(111,080)</u>	<u>221,808</u>	<u>333,054</u>
Expenses				
Program	285,952	-	285,952	269,693
Administrative	44,087	-	44,087	33,071
Fundraising	100	-	100	4,041
Total expenses	<u>330,139</u>	<u>-</u>	<u>330,139</u>	<u>306,805</u>
Changes in net assets	2,749	(111,080)	(108,331)	26,249
Net assets, beginning of year	<u>45,547</u>	<u>210,203</u>	<u>255,750</u>	<u>229,501</u>
Net assets, end of year	<u>\$ 48,296</u>	<u>\$ 99,123</u>	<u>\$ 147,419</u>	<u>\$ 255,750</u>

See accompanying notes and Independent Accountants' Review Report

COMMUNITY EDUCATION PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Program Services	Administration	Fundraising	Reviewed 2010 Total
Conferences	\$ -	\$ 985	\$ -	\$ 985
Depreciation	-	3,314	-	3,314
Employee benefits	23,876	-	-	23,876
Inkind expense	-	4,800	-	4,800
Insurance	-	1,390	-	1,390
Membership & dues	-	352	-	352
Miscellaneous	14,377	325	100	14,802
Occupancy	-	7,200	-	7,200
Office expense	-	10,405	-	10,405
Payroll taxes	19,684	-	-	19,684
Professional fees	-	14,099	-	14,099
Salaries and wages	212,158	-	-	212,158
Supplies	15,857	-	-	15,857
Travel	-	1,217	-	1,217
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 285,952</u>	<u>\$ 44,087</u>	<u>\$ 100</u>	<u>\$ 330,139</u>

	Program Services	Administration	Fundraising	Audited 2009 Total
Conferences	\$ -	\$ 1,870	\$ -	\$ 1,870
Depreciation	-	4,731	-	4,731
Employee benefits	20,280	-	-	20,280
Inkind expense	-	4,800	-	4,800
Insurance	-	1,674	-	1,674
Membership & dues	-	547	-	547
Miscellaneous	25,913	520	4,041	30,474
Occupancy	-	7,200	-	7,200
Office expense	-	5,694	-	5,694
Payroll taxes	18,627	-	-	18,627
Professional fees	-	5,560	-	5,560
Salaries and wages	193,994	-	-	193,994
Supplies	10,879	-	-	10,879
Travel	-	475	-	475
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 269,693</u>	<u>\$ 33,071</u>	<u>\$ 4,041</u>	<u>\$ 306,805</u>

See accompanying notes and Independent Accountants' Review Report

COMMUNITY EDUCATION PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Reviewed 2010	Audited 2009
	<u> </u>	<u> </u>
<i>Cash Flows from Operating Activities</i>		
Increase(decrease) in net assets	\$ (108,331)	\$ 26,249
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,314	4,731
(Increase)decrease in operating assets		
Prepaid expenses	-	447
Accounts receivable	118,777	(47,273)
(Increase)decrease in operating liabilities		
Accounts payable	93	(4,197)
Accrued payroll and related expenses	<u>(622)</u>	<u>6,736</u>
 Net cash flows provided (used) by operating activities	 <u>13,231</u>	 <u>(13,307)</u>
<i>Cash Flows from Investing Activities</i>		
Purchase of fixed assets	<u>-</u>	<u>(1,782)</u>
 Net cash (used) by investing activities	 <u>-</u>	 <u>(1,782)</u>
 Net change in cash	 <u>13,231</u>	 <u>(15,089)</u>
Cash at beginning of year	<u>42,027</u>	<u>57,116</u>
Cash at end of year	<u>\$ 55,258</u>	<u>\$ 42,027</u>

See accompanying notes and Independent Accountants' Review Report

COMMUNITY EDUCATION PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. ***NATURE OF BUSINESS***

Nature of Business – Community Education Project, Inc. (the Organization) (a non-profit corporation) was incorporated November 9, 1994. The Organization’s purpose is to provide English as a second language, adult literacy, and family literacy instruction, as well as other educational counseling, assessment, referrals, college transition, and other vocational and educational services to Latino adults living in Holyoke, Massachusetts, and closely neighboring communities.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Basis of Accounting and Presentation – The financial statements of Community Education Project, Inc. have been prepared in accordance with the provisions of Accounting Standards Codification (ASC) No. 958, “Accounting for Contributions Received and Contributions Made,” and “Financial Statements for Not-For-Profit Organizations.”

Under ASC No. 958, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted assets, temporarily restricted net assets, and permanently restricted net assets. There currently are no permanently restricted net assets in this organization.

It is the Organization’s policy to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses are recognized when incurred rather than when collected or paid.

Cash and Cash Equivalents – The Organization considers all highly liquid debt instruments to be cash equivalents.

Concentration of Credit Risks – The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants and Accounts Receivable – Accounts receivable represents the amounts due to the Organization from grants and reimbursement contracts. All receivables are deemed collectible and no allowance for doubtful accounts has been established. Bad debts are expensed when incurred.

COMMUNITY EDUCATION PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

2. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

Equipment and Furnishings – It is the Organization’s policy to capitalize equipment and furnishing purchases over \$500. All equipment is recorded at cost, or in the case of donated property, fair market value at the date of gift. Depreciation expense is based on the estimated useful lives of property and equipment and is computed on the straight-line method. Maintenance and repairs are expensed as incurred.

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at their estimated value at the date of donation. Such donations are recorded as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, and once the restriction has expired, the Organization reclassifies temporarily restricted net assets to unrestricted net assets.

Contributions - Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction, expires that is, 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.

Donated Services - A number of volunteers have made contributions of their time to the Organization’s program and supporting services. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Taxes – The Organization is a non-profit corporation organized under Chapter 180 of the laws of the Commonwealth of Massachusetts and is exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal and state income taxes is required. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) (vi) and has been classified as an organization that is not a private foundation under Section 509 (a) (1).

**COMMUNITY EDUCATION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS**

3. ***DONATED IN-KIND***

During the years ending December 31, 2010 and 2009, the Organization received the following donations-in-kind:

	<u>2010</u>	<u>2009</u>
Facilities	\$ 4,800	\$ 4,800
	<u>\$ 4,800</u>	<u>\$ 4,800</u>

4. ***REVENUE CONCENTRATION***

The Organization receives a significant amount of its revenue from Holyoke Public School grants and reimbursement contracts. If these grants and contracts were eliminated, the Organization's finances could be materially adversely affected.

5. ***EQUIPMENT AND FURNISHINGS***

The Organization had equipment and furnishings with a cost of \$29,323 and accumulated depreciation of \$26,891 for 2010 and for 2009 \$29,323 and \$23,576, respectively. Depreciation expense was \$3,314 for 2010 and \$4,731 for 2009.

6. ***LEASES***

The organization rents space for its facilities on Main Street in Holyoke, Massachusetts.

Yearly rent payments are as follows:

2011	<u>7,200</u>
	<u>\$ 7,200</u>

The lease agreement is on a month by month basis. Rent is less than market value and the donated portion of rent is recorded at fair value. For the years ended December 31, 2010 and 2009, donated facilities were recorded at \$4,800, respectively.

COMMUNITY EDUCATION PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

7. *RELATED PARTIES*

Various Board Members are employed at local schools, colleges and universities from which the Organization is either a recipient or sub-recipient of grant funding.

8. *TEMPORARILY RESTRICTED NET ASSETS*

Temporarily restricted net assets consist of grants received from several organizations with varying stipulations of when the monies are to be used and are available for the following:

Periods after December 31, 2010	<u>\$ 99,123</u>
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9. *SUBSEQUENT EVENTS*

Management has evaluated subsequent events through December 11, 2011, the date which the financial statements were available to be issued.