

**COMMUNITY EDUCATION PROJECT, INC.**

**JUNE 30, 2012**

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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 statement of financial position of Community Education Project, Inc., (a non-profit organization) as of June 30, 2012, and the related statements of activities, functional expenses, 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 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Nicholas LaPier CPA, PC.*

Nicholas LaPier, CPA, PC  
May 1, 2013

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**COMMUNITY EDUCATION PROJECT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**  
**(UNAUDITED)**

**ASSETS**

***ASSETS***

Cash	\$ 46,766
Grants and accounts receivable	4,817
Prepaid expense	<u>3,842</u>
Total current assets	55,425
Equipment and furnishing, net	<u>4,525</u>
Total assets	<u>\$ 59,950</u>

**LIABILITIES AND NET ASSETS**

***LIABILITIES***

Accounts payable	\$ 4,904
Accrued payroll and related expenses	<u>8,531</u>
Total liabilities	<u>13,435</u>

***NET ASSETS***

Unrestricted	36,580
Temporarily restricted	<u>9,935</u>
Total net assets	<u>46,515</u>
Total liabilities and net assets	<u>\$ 59,950</u>

*See accompanying notes and Independent Accountants' Review Report*

**COMMUNITY EDUCATION PROJECT, INC.**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2012**  
**(UNAUDITED)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Grants and reimbursement contracts	\$ 147,415	\$ 153,465	\$ 300,880
Interest income	39	-	39
Other income	2,210	-	2,210
In kind contributions	4,800	-	4,800
Total unrestricted revenue and support	<u>154,464</u>	<u>153,465</u>	<u>307,929</u>
Net assets released from restrictions	<u>180,030</u>	<u>(180,030)</u>	<u>-</u>
Total revenue and support	<u>334,494</u>	<u>(26,565)</u>	<u>307,929</u>
Expenses			
Program	287,516	-	287,516
Administrative	<u>43,228</u>	<u>-</u>	<u>43,228</u>
Total expenses	<u>330,744</u>	<u>-</u>	<u>330,744</u>
Changes in net assets	3,750	(26,565)	(22,815)
Net assets, beginning of year	<u>32,830</u>	<u>36,500</u>	<u>69,330</u>
Net assets, end of year	<u><u>\$ 36,580</u></u>	<u><u>\$ 9,935</u></u>	<u><u>\$ 46,515</u></u>

*See accompanying notes and Independent Accountants' Review Report*

**COMMUNITY EDUCATION PROJECT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(UNAUDITED)**

	Program Services	Administration	Fundraising	Total
Conferences	\$ -	\$ 1,403	\$ -	\$ 1,403
Depreciation	-	3,005	-	3,005
Employee benefits	23,621	-	-	23,621
Inkind expense	-	4,800	-	4,800
Insurance	-	2,161	-	2,161
Membership & dues	-	290	-	290
Miscellaneous	10,892	9,882	-	20,774
Occupancy	-	7,200	-	7,200
Payroll taxes	15,036	-	-	15,036
Professional fees	-	14,280	-	14,280
Salaries and wages	221,102	-	-	221,102
Supplies	16,865	-	-	16,865
Travel	-	207	-	207
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 287,516</u>	<u>\$ 43,228</u>	<u>\$ -</u>	<u>\$ 330,744</u>

*See accompanying notes and Independent Accountants' Review Report*

**COMMUNITY EDUCATION PROJECT, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b><i>Cash Flows from Operating Activities</i></b>	
Increase(decrease) in net assets	\$ (22,815)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,005
(Increase)decrease in operating assets	
Accounts receivable	28,357
Prepaid expenses	(1,950)
Increase(decrease) in operating liabilities	
Accounts payable	(544)
Accrued payroll and related expenses	<u>(17,705)</u>
 Net cash flows provided (used) by operating activities	 <u>(11,652)</u>
 <b><i>Cash Flows from Investing Activities</i></b>	
Purchase of fixed assets	<u>(5,097)</u>
 Net change in cash	 <u>(16,749)</u>
 Cash at beginning of year	 <u>63,515</u>
 Cash at end of year	 <u>\$ 46,766</u>

*See accompanying notes and Independent Accountants' Review Report*

**COMMUNITY EDUCATION PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(UNAUDITED)**

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).

The Organization’s income tax filings are subject to audit by the Internal Revenue Service. The Organization’s open audit periods are 2009 – 2012.

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

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

During the six months ending June 30, 2012, the Organization received the following donations-in-kind:

Facilities	<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 \$34,420 and accumulated depreciation of \$31,492 for the year ending June 30, 2012. Depreciation expense was \$3,005 for the year ending June 30, 2012.

6. ***LEASES***

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

Rent payments are as follows:

2012	<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 year ended June 30, 2012, donated facilities were recorded at \$4,800.

**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 June 30, 2012	<u>\$ 9,935</u>
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9. ***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through May 1, 2013, the date which the financial statements were available to be issued.