

AFTER HOURS PROJECT, INC.
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
DECEMBER 31, 2011

BARRY POPICK, CPA

**AFTER HOURS PROJECT, INC.
DECEMBER 31, 2011**

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Independent Auditor's Report

Board of Directors
After Hours Project, Inc.

I have audited the accompanying statements of financial position of After Hours Project, Inc. as of December 31, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of After Hours Project, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my 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 I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of After Hours Project, Inc.'s internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of After Hours Project, Inc. as of December 31, 2011, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 3, 2012, on my consideration of After Hours Project, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance, and the results of that testing, and not to

provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit. Schedule of New York State Governmental Awards is supplementary information presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANT

May 3, 2012

AFTER HOURS PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Assets:		
Cash	\$	409,863
Contract and grants receivable (Note 4)		351,409
Prepaid expenses		15,990
Security deposits		12,000
Fixed assets-net (Note 2)		<u>169,129</u>
 TOTAL ASSETS		 <u><u>\$ 958,391</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accrued expenditures and accounts payable	\$	16,618
Accrued payroll and related liabilities		49,591
Advances from government agencies		13,750
Total liabilities		<u>79,959</u>
Net assets:		
Unrestricted		<u>878,432</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u><u>\$ 958,391</u></u>

See accompanying notes to financial statements.

AFTER HOURS PROJECT, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Total
Revenues:	
Government contracts and other grants	\$ 1,376,057
Fundraising events	51,705
Housing program	2,714
Interest income	1,353
Total revenues	1,431,829
Expenses (Exhibit B)	
Program services	1,171,171
Supporting services	
General and administrative	200,386
Fundraising	63,601
Total expenses	1,435,158
Changes in net assets	(3,329)
Net assets- beginning	881,761
NET ASSETS - ENDING	\$ 878,432

See accompanying notes to financial statements.

AFTER HOURS PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Operating activities:	
Increase (decrease) in net assets	\$ (3,329)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	60,098
Gain on sale of property	
Changes in assets and liabilities:	
Contract and grants receivable	(4,991)
Prepaid expenses and other assets	3,421
Accrued expenditures and accounts payable	55,689
Refundable advances	<u>(35,250)</u>
Net decrease in cash	75,638
Cash - beginning	<u>334,225</u>
CASH - ENDING	<u><u>\$ 409,863</u></u>

See accompanying notes to financial statements.

AFTER HOURS PROJECT, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 630,474	\$ 92,596	\$ 27,468	\$ 750,538
Payroll taxes	61,806	7,689	2,722	72,217
Employee benefits	38,989	4,780	1,714	45,483
 Total personnel costs	 731,269	 105,065	 31,904	 868,238
Professional fees	35,513	44,333	8,500	88,346
Telephone	8,233	1,453	-	9,686
Office and postage	15,106	3,981	504	19,591
Occupancy	81,396	14,364	-	95,760
Repairs and maintenance	6,775	1,570	-	8,345
Truck and van expense	109,035	7,427	-	116,462
Computer expense	17,267	-	-	17,267
Insurance	11,469	2,274	-	13,743
Depreciation	50,449	9,649	-	60,098
Outside payroll service	2,819	1,123	-	3,942
Bank charges and fees	215	104	-	319
Stipends	49,145	-	-	49,145
Utilities	15,611	2,754	-	18,365
Security	676	267	-	943
Local transportation	18,343	4,621	-	22,964
Supplies	11,018	604	22,693	34,315
Staff development	2,268	797	-	3,065
Fees	60	-	-	60
Housing costs	-	-	-	-
HIV test kits	4,504	-	-	4,504
 Total expenses	 <u>\$ 1,171,171</u>	 <u>\$ 200,386</u>	 <u>\$ 63,601</u>	 <u>\$ 1,435,158</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AFTER HOURS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

After Hours Project, Inc. (“the Organization”) is a not-for-profit organization incorporated in the State of New York on May 22, 2002. The Organization’s mission is to disseminate information to the public concerning AIDS prevention, care and treatment.

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting periods. Actual results could differ from those estimates.

Revenue Recognition

After Hours Project, Inc. receives substantially all its revenue from public and governmental grants. The Organization recognizes revenue from its grants either as they are earned or to the extent that vouchered expenses are reimbursed. Contributions are recorded as income on the date they are made.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has no restricted net assets.

AFTER HOURS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Equipment

The Organization capitalizes all equipment with a cost in excess of \$3,000, except for equipment purchased from governmental grants, as the assets belong to the government. Equipment is depreciated using the straight line method, over the estimated life of the asset.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less, to be cash equivalents.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Schedule of Functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financials were available to be issued, which date is May 3, 2012, and has accounted for or disclosed such events, as appropriate, in these financial statements.

NOTE 2 – FIXED ASSETS

		<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 262,384	5-7 years
Vehicles	115,842	5-8 years
Leasehold improvements	<u>65,632</u>	10 years
	443,858	
Accumulated depreciation	<u>(274,729)</u>	
	<u>\$ 169,129</u>	

AFTER HOURS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 3 – OPERATING LEASES

The Organization moved to its current location 1204 Broadway, Brooklyn, NY 11221 on November 1, 2008.

The lease commenced on November 1, 2008 and runs for 5 years. The rent is fixed and payable in monthly installments. The future minimum rental payments at 1204 Broadway are as follows:

2012	\$74,531
2013	76,767

There is an option to extend the lease for an additional 5 years.

The net rent expense for the year ended December 31, 2011 was \$72,360.

The Organization leases storage space in the Bushwick section of Brooklyn on a month to month lease.

NOTE 4 – ACCOUNTS RECEIVABLE

As of December 31, 2011, accounts receivable from contracts were::

Public Health Solutions	\$185,755
Health Research	92,609
AIDS Institute	23,045
Robin Hood Foundation	<u>50,000</u>
	<u>\$351,409</u>

NOTE 5- RELATED PARTY TRANSACTIONS

The organization leases space in the Bushwick section of Brooklyn, which is used for housing of the homeless, from a company owned by the executive director. For the year ended December 31, 2011, \$26,400 was paid to the company.

NOTE 6- CONCENTRATION OF CREDIT RISK

The Organization maintains several bank accounts at the bank. Accounts at a Banking institution are insured by the Federal Deposit Insurance Corp. (FDIC) up to \$250,000. Cash at this institution may exceed federally insured limits. Management monitors the soundness of the financial institution and feels the Organization's risk is negligible.

NOTE 6- PENSION PLAN

The Organization has a pension plan under the Internal Revenue code section 403(b). This plan is funded by employee payroll deductions with a match of 2% of salary if the employee contributes at least 2% of their salary.

COMPLIANCE AND INTERNAL CONTROL SECTION

Compliance

As part of obtaining reasonable assurance about whether After Hours Project, Inc.'s financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*

This report is intended solely for the information of the Board of Directors, management of the Agency and the funding agencies and is not intended to be and should not be used by anyone other than the specified parties.



CERTIFIED PUBLIC ACCOUNTANT

May 3, 2012

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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*

Board of Directors
After Hours Project, Inc.

I have audited the financial statements of After Hours Project, Inc. as of and for the year ended December 31, 2011, and have issued my report thereon dated May 3, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered After Hours Project, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of After Hours Project, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of After Hours Project, Inc.'s internal control over financial reporting.

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 a 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.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weakness. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weaknesses, as defined above.

ADDITIONAL INFORMATION

AFTER HOURS PROJECT, INC.
 SCHEDULE OF NEW YORK STATE GOVERNMENTAL AWARDS
 YEAR ENDED DECEMBER 31, 2011

<u>Government Grantor</u>	<u>Grant Period/ Period In Current Fiscal Year</u>	<u>Maximum Award Amount</u>	<u>Vouchered Expenditures</u>
Health Research Inc. (Center for Disease and Control)	5/1/10-4/30/11	\$ 25,000	\$ 14,747
	5/1/11-4/30/11	25,000	15,189
(Treatment Readiness Program)	4/1/10-3/31/11	194,790	99,920
	4/1/11-3/31/12	212,498	147,723
(Case Management and Supportive Services)	7/1/10-3/31/11	150,000	77,379
	4/1/11-3/31/12	200,000	126,228
(Medical Transportation)	7/1/10-3/31/11	75,000	33,966
	4/1/11-3/31/12	100,000	71,580
New York State Department of Health			
(Syringe Exchange Program)	7/1/10-6/30/11	88,013	49,991
	7/1/11-6/30/12	88,013	<u>43,961</u>
			<u>\$680,684</u>