

**After Hours Project, Inc. and Subsidiary**

**Financial Statements  
and  
Independent Auditors' Report**

**For the year ended December 31, 2021**

## After Hours Project, Inc. and Subsidiary

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## **Independent Auditors' Report**

To the Board of Directors of  
After Hours Project, Inc. and Subsidiary  
New York, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of After Hours Project, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of After Hours Project, Inc. and subsidiary as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of After Hours Project, Inc. and subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about After Hours Project, Inc. and subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 After Hours Project, Inc. and subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about After Hours Project, Inc. and subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 schedule of expenditures of federal awards 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 June 28, 2023, on our consideration of After Hours Project, Inc. and Subsidiary'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 After Hours Project, Inc. and Subsidiary'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 After Hours Project, Inc. and Subsidiary's internal control over financial reporting and compliance.



New City, New York  
June 28, 2023

After Hours Project, Inc. and Subsidiary  
Consolidated Statement of Financial Position  
December 31, 2021

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 2,386,417
Contract Receivables (Note 3)	2,011,851
Prepaid Expenses	<u>5,437</u>

Total Current Assets	<u>4,403,705</u>
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Fixed Assets

Land	101,432
Leasehold Improvements	493,129
Equipment, Furniture and Fixtures	<u>400,856</u>
	995,417
Less: Accumulated Depreciation	<u>(496,778)</u>

Total Fixed Assets	<u>498,639</u>
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Security Deposits

	<u>45,024</u>
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Total Assets	<u><u>\$ 4,947,368</u></u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 66,188
Accrued Salaries and Related Benefits	145,724
Loan Payable (Note 7)	323,140
Advances from Governmental Contracts	<u>163,637</u>

Total Current Liabilities / Total Liabilities	698,689
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Net Assets

Net Assets Without Donor Restrictions	4,242,963
Net Assets With Donor Restrictions	<u>5,716</u>

Total Net Assets	<u>4,248,679</u>
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Total Liabilities and Net Assets	<u><u>\$ 4,947,368</u></u>
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After Hours Project, Inc. and Subsidiary  
 Consolidated Statement of Activities  
 For the year ended December 31, 2021

**CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

Public Support	
Government Contracts/Grants	\$ 8,460,940
Corporate and Foundation Grants	95,828
Individual Contributions	<u>239</u>
 Total Public Support	 <u>8,557,007</u>
 Revenue	
Housing Program	382,934
Other Income	<u>2,654</u>
 Total Revenue	 <u>385,588</u>
 Total Public Support and Revenue	 8,942,595
 Total Support and Revenue	 <u>8,942,595</u>

**EXPENSES**

Program Services	
Housing	5,593,039
Prevention	<u>795,221</u>
	6,388,260
 Supporting Services	
Management and General	1,638,086
Fund Raising	<u>105,939</u>
 Total Expenses	 <u>8,132,285</u>
 Increase in Net Assets Without Donor Restrictions	 810,310

**CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS**

Public Support	
Individual Contributions	<u>5,716</u>
 Increase in Net Assets With Donor Restrictions	 <u>5,716</u>
 INCREASE IN TOTAL NET ASSETS	 816,026
 NET ASSETS, BEGINNING OF YEAR	 <u>3,432,653</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 4,248,679</u></u>

After Hours Project, Inc. and Subsidiary  
Consolidated Statement of Functional Expenses  
For the year ended December 31, 2021

	<u>Housing</u>	<u>Prevention</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 647,920	\$ 495,468	\$ 1,143,388	\$ 743,202	\$ 19,056	\$ 1,905,646
Payroll Taxes	53,498	40,910	94,408	61,366	1,573	157,347
Employee Benefits	76,875	54,911	131,786	85,661	2,196	219,643
<b>Total Salaries and Related Expenses</b>	<b>778,293</b>	<b>591,289</b>	<b>1,369,582</b>	<b>890,229</b>	<b>22,825</b>	<b>2,282,636</b>
Professional Fees	12,716	25,431	38,147	197,091	82,651	317,889
Bad Debt	-	21,150	21,150	-	-	21,150
Occupancy Costs	23,357	7,786	31,143	358,134	-	389,277
Housing Rents etc.	4,315,874	-	4,315,874	-	-	4,315,874
Telephone and Internet Service	5,766	3,945	9,711	20,637	-	30,348
Insurance	2,769	5,538	8,307	60,914	-	69,221
Utilities	105,533	12,563	118,096	7,538	-	125,634
Program Supplies	325,312	97,171	422,483	-	-	422,483
Laboratory Fees	-	10,102	10,102	-	-	10,102
Local Transportation	4,645	9,017	13,662	-	-	13,662
Office and Postage Expenses	1,852	695	2,547	20,141	463	23,151
Miscellaneous Expense	6,420	-	6,420	3,773	-	10,193
Repairs and Maintenance	3,382	199	3,581	16,311	-	19,892
Interest Expense	-	-	-	5,125	-	5,125
Truck and Van Expenses	7,120	10,335	17,455	5,512	-	22,967
Payroll Service Charges	-	-	-	15,709	-	15,709
Real Estate Taxes	-	-	-	3,844	-	3,844
<b>Total OTPS Before Depreciations</b>	<b>4,814,746</b>	<b>203,932</b>	<b>5,018,678</b>	<b>714,729</b>	<b>83,114</b>	<b>5,816,521</b>
Depreciation	-	-	-	33,128	-	33,128
<b>Expenses</b>	<b>\$ 5,593,039</b>	<b>\$ 795,221</b>	<b>\$ 6,388,260</b>	<b>\$ 1,638,086</b>	<b>\$ 105,939</b>	<b>\$ 8,132,285</b>

After Hours Project, Inc. and Subsidiary  
Consolidated Statement of Cash Flows  
For the year ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 816,026
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	33,128
Changes in Assets and Liabilities (Increase) / Decrease in:	
Contract Receivables	(155,922)
Prepaid Expenses	(1,463)
Increase / (Decrease) in:	
Accounts Payable and Accrued Expenses	(7,967)
Accrued Salaries and Related Benefits	27,876
Advances from Governmental Contracts	21,147
TOTAL ADJUSTMENTS	<u>(83,201)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>732,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Leasehold Improvements	(15,183)
Purchases of Equipment, Furniture and Fixtures	<u>(32,940)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(48,123)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	684,702
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,701,715</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,386,417</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash payments for interest expense	<u><u>\$ 5,125</u></u>



After Hours Project, Inc. and Subsidiary  
Notes to the Consolidated Financial Statements  
December 31, 2021

NOTE 1 - 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. In 2017, the Organization formed a subsidiary, Beach 65th Street Capital, LLC. to purchase and operate a residential building for the use of clients.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting*

The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Basis of Presentation*

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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 the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Organization at December 31, 2021 were considered to be net assets without donor restrictions.

*Use of Estimates in the Preparation of Financial Statements*

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial period of six months or less to be cash equivalents.

*Functional Allocation*

The costs of providing the various programs and supporting services have been summarized on a functional basis. Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among programs and supporting service classifications based on management's professional judgment.

*Tax Exempt Status*

The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

After Hours Project, Inc. and Subsidiary  
Notes to the Consolidated Financial Statements  
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Tax Exempt Status (continued)*

The Organization files the Form 990 in the U.S. federal jurisdiction. With few exceptions, as of December 31, 2021, the Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for the year ended prior to December 31, 2018. The tax returns for the years ended December 31, 2018 through December 31, 2020 are still subject to potential audit by the IRS. Management believes it has no material uncertain tax positions and accordingly, it has not recognized any liability for unrecognized tax benefits.

*Fixed Assets*

Leasehold improvements, equipment, furniture, and fixtures are capitalized at cost and, in accordance with the Organization's policy, are recorded as designated unrestricted net assets. It is the Organization's policy to capitalize expenditures for items in excess of \$3,000 with a useful life of more than one year, except for equipment purchased from government grants as the assets belong to the government. Lesser amounts are expensed. Leasehold improvements are being depreciated over the life of the lease not to exceed ten years, using a straight-line method of depreciation. Equipment, furniture, and fixtures are being depreciated over estimated useful lives of three to ten years using a straight-line method.

*Revenue Recognition*

The Organization recognizes revenue from grants, contracts and gifts in accordance with guidance under which the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of return.

The Organization's significant sources of revenue are contracts and grants from government agencies, and contributions. Grants and contributions received are recorded as without donor restrictions or with donor restrictions based on the nature of donor restrictions. Grants are recognized when the Organization incurs expenses related to the contract. Generally, the funds are not remitted until a voucher for the services provided or expenses incurred has been submitted for reimbursement. Funds received in advance of services provided or expenses incurred are recorded as advances from governmental contracts. Contributions are reported as with donor restrictions 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 as net assets without donor restrictions and reported in the statement of activities as net assets released from donor restriction. Donor restricted contributions and grants whose restrictions are met within the same year as received are reflected as contributions and grants without donor restrictions.

The Organization considers receivables to be fully collectible based on management's review of individual accounts outstanding. If collection becomes doubtful, an allowance for doubtful accounts will be established when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

The Organization recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09. Revenue from Contracts with Customers, as amended. ASU No. 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

After Hours Project, Inc. and Subsidiary  
Notes to the Consolidated Financial Statements  
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Advances from Governmental Contracts*

The Organization recognizes contract revenue in the period the Organization meets the conditions for revenue recognition, namely as reimbursable program expenses are incurred. Advances from governmental contracts relate to program or donor receipts from government agencies and donors in advance of program performance.

*Newly Adopted Accounting Pronouncements*

In September 2020, the Financial Accounting Standard Board ("FASB") issued an Accounting Standard Update ("ASU") 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2022. The Organization adopted this pronouncement during the year ended December 31, 2021. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

*Recent Accounting Pronouncement*

In February 2016, the FASB issued Accounting Standard Update ("ASU") 2016-02, Leases (Topic 842) which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related liability for many operating leases currently off-balance sheet under U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization is currently evaluating the impact of this ASU and plans to adopt ASU 2016-02 for the year ended December 31, 2022.

NOTE 3 – CONTRACT RECEIVABLES

Receivables are comprised of amounts due from grantors/contractors under cost reimbursement contracts/agreements. No allowance for uncollectible amounts has been recorded as all contract receivables are deemed collectable by management.

NOTE 4 - OPERATING LEASES

The Organization leases space located at several locations in Brooklyn, NY. The lease for 1204 Broadway commenced on November 1, 2008 and expires on October 31, 2023. The lease requires monthly payments of \$9,752. Effective July 1, 2014, the organization entered into a five year lease for space at 288 Cooper Avenue, Brooklyn, NY. There is a five year extension available with a 3% per year increase. In 2017, the Organization rented space at 935 Broadway. The lease is for five years, commencing on October 1, 2017. The rent for the first two years is \$5,000 per month. It increases annually until it reaches \$5,464 per month in the final year. In 2018, additional space was rented at 935 Broadway for five years with a five year option. The rent on the additional space is \$2,800 a month for the first three years, \$2,884 for the fourth year and \$2,971 for the fifth year. In addition, the organization has several apartments it rents for clients. These leases expire in 2022 or 2023.

The future minimum rental payments for these premises are as follows:

Year	Total
2022	\$ 616,043
2023	375,975
2024	98,940
	\$ 1,090,958

The rental expense for 2021 was \$909,378.

After Hours Project, Inc. and Subsidiary  
Notes to the Consolidated Financial Statements  
December 31, 2021

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, 2021, \$96,000 was paid to the company.

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. The contribution for 2021 was \$20,084.

NOTE 7 - PAYROLL PROTECTION PROGRAM LOAN

The Organization borrowed \$323,140 from the Payroll Protection Program. As the payroll expenses was reimbursed with government funds, the organization is not eligible for forgiveness. The loan is to be repaid over a five year period, starting May 2022, at an interest of 1%.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Audits by Funding Sources

The Organization receives a significant portion of its funding from government grant/contracts, all of which are subject to audit by the funding source. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by the funding source. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management believes that any disallowed costs, which may result from these examinations, will not have a material effect on the financial statements for the current reporting periods.

Property Purchased with Government Grant/Contracts

Per certain government grant/contracts, title to assets purchased with grant monies remains with the granting source. In accordance with these contracts, individual assets acquired for less than \$3,000 are expensed and not capitalized. However, the Organization inventories the assets in anticipation of future claims in accordance this contract terms, although the grantors have typically not reclaimed the assets at the end of the grant periods.

NOTE 9 - CONCENTRATIONS AND CREDIT RISK

The Organization received a substantial amount of its support from federal and state governmental contracts. A reduction in the level of this support will have an effect on the organization's ability to carry out its program activities.

Financial instruments which potentially subject the Organization to concentrations of credit risk, consist principally of cash and contract receivables. At times during the year, cash of the Organization deposited in financial institutions exceeds the FDIC limits of \$250,000. However, the Organization's cash accounts have been placed with high credit quality financial institutions, and they have not experienced, nor do they anticipate, any losses with respect to such accounts. At December 31, 2021, the Organization's uninsured cash balance totaled approximately \$2,134,244. Management believes that the credit risk with respect to contract receivables is limited since all contract receivables are due from the state and federal government programs.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

During the year ended June 30, 2022, the Organization received \$5,716 from various donors to create a scholarship fund for underprivileged students in memory of a previous Board member. The Organization estimates to distribute these funds to scholarship recipients during fiscal year 2023.

After Hours Project, Inc. and Subsidiary  
Notes to the Consolidated Financial Statements  
December 31, 2021

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$4,392,552 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$2,386,417 and contract receivables of \$2,011,851, less net assets with donor restrictions of \$5,716.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and for meeting its liabilities and other obligations as they become due. In general, the Organization maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.

NOTE 12 - SUBSIDIARY

The accounts of the subsidiary consist of:

<u>Assets</u>	
Cash	\$ 223,733
Fixed Assets, Net	456,601
Total Assets	<u>\$ 680,334</u>
 <u>Liabilities &amp; Equity</u>	
Due to Parent	\$ 541,864
Equity	138,470
Total Liabilities & Equity	<u>\$ 680,334</u>
 <u>Revenue</u>	
	\$ 55,200
 <u>Expenditures</u>	
Depreciation	\$ 17,790
Real Estate Taxes & Other	-
Total Expenditures	<u>17,790</u>
 Increase to Net Assets	 <u>\$ 37,410</u>

NOTE 13 - SUBSEQUENT EVENTS

The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which is June 28, 2023, for these financial statements, and concluded that no additional disclosures are required as stated herein.

After Hours Project, Inc. and Subsidiary

Schedule of Expenditures of Federal Awards  
and Accompanying Notes

For the year ended December 31, 2021

After Hours Project, Inc. and Subsidiary  
Schedule of Expenditures of Federal Awards  
For the year ended December 31, 2021

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
PASS-THROUGH AWARDS:			
NYS Drug User Health HUB <i>NYS Department of Health</i>	93.788	6120-04	\$ 300,000
Substance Abuse and Mental Health Services Department of Health and Human Services	93.243	n/a	452,200
Department of Health and Human Services	93.243	n/a	<u>105,477</u>
			557,677
HIV Emergency Relief Project Grants Public Health Solutions	93.914	22-SHC-821	1,236,731
Public Health Solutions	93.914	22-SRA-821	5,064,873
Public Health Solutions	93.914	22-SCI-821	<u>81,515</u>
			6,383,119
HIV Prevention Activities Health Department Based Public Health Solutions	93.940	22-LTP-821	<u>140,041</u>
Subtotal Pass-Through Programs			<u>7,380,837</u>
Total U.S. Department of Health and Human Services			<u>7,380,837</u>
Total Expenditures of Federal Awards			<u>\$ 7,380,837</u>

After Hours Project, Inc. and Subsidiary  
Notes to the Schedule of Expenditures of Federal Awards  
For the year ended December 31, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of After Hours Project, Inc. and Subsidiary under programs of the federal government for the year ended December 31, 2021. 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 After Hours Project, Inc. and Subsidiary it is not intended to and does not present the financial position, changes in net assets, or cash flows of the entity.

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. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

After Hours Project, Inc. and Subsidiary has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.





**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  
After Hours Project, Inc. and Subsidiary  
New York, New York

We have audited, 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, the consolidated financial statements of After Hours Project, Inc. and Subsidiary which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2023.

***Internal Control over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered After Hours Project, Inc. and Subsidiary'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 After Hours Project, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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. 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.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether After Hours Project, Inc. and Subsidiary's consolidated financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

New City, New York

June 28, 2023



**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  
After Hours Project, Inc. and Subsidiary  
New York, New York

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited After Hours Project, Inc. and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of After Hours Project, Inc. and Subsidiary's major federal programs for the year ended December 31, 2021. After Hours Project, Inc. and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, After Hours Project, Inc. and Subsidiary 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 federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of After Hours Project, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of After Hours Project, Inc. and Subsidiary's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to After Hours Project, Inc. and Subsidiary's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on After Hours Project, Inc. and Subsidiary's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about After Hours Project, Inc. and Subsidiary's compliance with the requirements of each major federal program as a whole.

**Auditor's Responsibilities for the Audit of Compliance (continued)**

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding After Hours Project, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of After Hours Project, Inc. and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 After Hours Project, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on After Hours Project, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. After Hours Project, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

**Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



New City, New York

June 28, 2023

After Hours Project, Inc. and Subsidiary  
 Schedule of Findings and Questioned Costs  
 For the year ended December 31, 2021

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
~Material weakness(es) identified?	No
~Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
~Material weakness(es) identified?	No
~Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster:</u>
93.914	HIV Emergency Relief Project Grants - Public Health Solutions

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	No
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**Section II - Financial Statement Findings**

The audit revealed no findings nor questioned costs.

After Hours Project, Inc. and Subsidiary  
Schedule of Findings and Questioned Costs  
For the year ended December 31, 2021

**Section III - Federal Award Findings and Questioned Costs**

**Item 2021-001**

Federal Assistance Listing Number - 93.914

HIV Emergency Relief Project Grants - Public Health Solutions

**Criteria:** The Data Collection Form is required to be submitted to the Federal Audit Clearinghouse ("FAC") within nine months of year end (2 CFR 200.512(a)(2)).

**Condition:** The Data Collection Form was not submitted to the FAC within the nine-month period for the year ended December 31, 2020 and 2021 .

**Effect:** The Organization was not in compliance with the requirement to complete the filing required by the Uniform Guidance within nine months of its year end, and therefore, the Organization cannot be considered a low risk auditee for the years ended December 31, 2022 and 2023.

**Context:** When performing our audit we noted the Data Collection Form submission to the FAC was not filed on a timely basis.

**Cause:** The Organization's previous audit firm retired without providing ample notice. In addition, there were personnel changes within the Organization. Both incidents caused delays in concluding the audit on a timely basis.

**Repeat Finding:** N/A

**Recommendation:** We recommend the Organization's Data Collection Form submission to the FAC be filed within nine months of its fiscal year end as required.

**Views of Responsible Officials and Planned Corrective Actions:** See attached Correction Action Plan.

**Section IV - Summary of Prior Year's Audit Findings**

There are no prior year findings.



# **AFTER HOURS PROJECT, INC.**

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Bridging the Gap of  
Services After Hours

## Corrective Action Plan

Fiscal Year Ended December 31, 2021

Section III – Federal Awards Findings and Questioned Costs

Item 2021-001

Federal Assistance Listing Number: 93.914

HIV Emergency Relief Project Grants – Public Health Solutions

### Condition

The Organization's Data Collection Form submission to the Federal Audit Clearinghouse was not filed on time within nine months of the end of its fiscal year.

### Views of Responsible Officials and Corrective Action

A new audit firm was engaged, and the necessary staffing changes were made to ensure that future filings are completed within nine months of the end of the fiscal year.

Person responsible for the corrective action plan: Fernando Soto, President