

**Washington Heights CORNER Project, Inc.**

**Financial Statements  
and  
Independent Auditors' Report**

**June 30, 2021 and 2020**

**Washington Heights CORNER Project, Inc.**

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## Independent Auditors' Report

To the Board of Trustees of  
Washington Heights CORNER Project, Inc.  
New York, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of Washington Heights CORNER Project, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Heights CORNER Project, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2022, on our consideration of Washington Heights CORNER Project, Inc.'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 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 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 Washington Heights CORNER Project, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Vargas & Rivera, LLP". The signature is written in a cursive style with a stylized ampersand.

New City, New York

August 20, 2022

Washington Heights CORNER Project, Inc.  
 Statements of Financial Position  
 June 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and Cash Equivalents	\$ 723,349	\$ 1,075,082
Contract Receivables (Note 3)	1,692,909	2,006,533
Due from Related Party (Note 5)	192,182	29,254
Prepaid Expenses and Other	<u>31,547</u>	<u>27,527</u>
Total Current Assets	<u>2,639,987</u>	<u>3,138,396</u>
Fixed Assets (Note 2)		
Equipment, Furniture and Fixtures	298,473	250,947
Less: Accumulated Depreciation	<u>(191,539)</u>	<u>(153,567)</u>
Total Fixed Assets	<u>106,934</u>	<u>97,380</u>
Other Assets		
Security Deposits	<u>114,857</u>	<u>24,857</u>
Total Other Assets	<u>114,857</u>	<u>24,857</u>
Total Assets	<u><u>\$ 2,861,778</u></u>	<u><u>\$ 3,260,633</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 70,782	\$ 155,785
Accrued Payroll and Related Expenses	<u>74,669</u>	<u>71,657</u>
Total Current Liabilities	145,451	227,442
Long-Term Liabilities		
Loan Payable (Note 4)	<u>310,200</u>	<u>297,920</u>
Total Liabilities	<u>455,651</u>	<u>525,362</u>
Net Assets		
Net Assets Without Donor Restrictions	1,702,576	1,307,400
Net Assets With Donor Restrictions	<u>703,551</u>	<u>1,427,871</u>
Total Net Assets	<u>2,406,127</u>	<u>2,735,271</u>
Total Liabilities and Net Assets	<u><u>\$ 2,861,778</u></u>	<u><u>\$ 3,260,633</u></u>

Washington Heights CORNER Project, Inc.  
 Statements of Activities  
 For the years ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
PUBLIC SUPPORT AND REVENUE		
Contributions	\$ 11,235	\$ 1,023,398
PPP Loan Forgiveness	297,920	-
Contributed Program Supplies	90,331	114,129
Special Events (Net of Expenses of \$920 for fiscal year ended June 30, 2020)	-	2,025
Interest Income	824	1,012
Total Public Support and Revenue	400,310	1,140,564
Net Assets Released From Restrictions	3,285,412	2,031,259
Total Support and Revenue	3,685,722	3,171,823
EXPENSES		
Program Services	2,909,822	3,012,298
Management and General	269,715	269,416
Fundraising	73,038	114,440
Total Expenses before Depreciation Expense	3,252,575	3,396,154
Depreciation Expense	37,971	38,624
Total Expenses	3,290,546	3,434,778
Increase (Decrease) in Net Assets Without Donor Restrictions	395,176	(262,955)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contracts - Government - Direct and Government - Pass Through	2,561,092	2,680,716
Grants - Foundation and Corporate	-	45,000
Net Assets Released From Restrictions	(3,285,412)	(2,031,259)
(Decrease) Increase in Net Assets With Donor Restrictions	(724,320)	694,457
(DECREASE) INCREASE IN TOTAL NET ASSETS	(329,144)	431,502
NET ASSETS, BEGINNING OF YEAR	2,735,271	2,303,769
NET ASSETS, END OF YEAR	\$ 2,406,127	\$ 2,735,271

Washington Heights CORNER Project, Inc.  
 Statements of Functional Expenses  
 For the years ended June 30, 2021 and 2020

	2021				2020			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
<i>Personnel Services:</i>								
Salaries	\$ 1,165,493	\$ 122,504	\$ 39,246	\$ 1,327,243	\$ 1,375,749	\$ 104,407	\$ 60,504	\$ 1,540,660
Payroll Taxes	109,136	11,471	3,675	124,282	118,661	9,005	5,219	132,885
Payroll Benefits	181,997	19,129	6,129	207,255	173,400	13,159	7,626	194,185
Total personnel services	<u>1,456,626</u>	<u>153,104</u>	<u>49,050</u>	<u>1,658,780</u>	<u>1,667,810</u>	<u>126,571</u>	<u>73,349</u>	<u>1,867,730</u>
<i>Other than personnel services:</i>								
Contracted Services-Executive Director	-	-	-	-	54,815	22,840	13,704	91,359
Contracted Services	127,083	19,436	2,991	149,510	217,021	33,191	5,107	255,319
Professional Fees	223,041	45,112	5,248	273,401	294,831	57,592	6,937	359,360
Occupancy and Utilities	326,613	34,330	10,998	371,941	154,867	11,753	6,811	173,431
Telephone and Internet Service	36,654	3,853	1,234	41,741	35,509	2,695	1,561	39,765
Insurance	32,366	4,950	761	38,077	48,318	4,764	1,834	54,916
Program Supplies	235,068	-	-	235,068	200,931	-	-	200,931
Medical Waste Disposal	6,120	-	-	6,120	7,890	-	-	7,890
Travel and Transportation	131,055	-	-	131,055	207,841	-	-	207,841
Staff Training and Development	-	-	-	-	898	-	-	898
Office Supplies	79,127	8,317	2,665	90,109	111,361	8,451	4,897	124,709
Bad Debt	252,062	-	-	252,062	-	-	-	-
Miscellaneous Expense	4,007	613	91	4,711	10,206	1,559	240	12,005
Total Expenditures	<u>\$ 2,909,822</u>	<u>\$ 269,715</u>	<u>\$ 73,038</u>	<u>\$ 3,252,575</u>	<u>\$ 3,012,298</u>	<u>\$ 269,416</u>	<u>\$ 114,440</u>	<u>\$ 3,396,154</u>

Washington Heights CORNER Project, Inc.  
Statements of Cash Flows  
For the years ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (329,144)	\$ 431,502
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	37,971	38,624
 Changes in Assets and Liabilities (Increase) / Decrease in:		
Contract Receivables	313,624	(501,134)
Due from Related Parties	(162,928)	87,162
Prepaid Expenses	(4,020)	(3,931)
Security Deposit	(90,000)	-
 Increase / (Decrease) in:		
Accounts Payable and Accrued Expenses	(85,002)	119,762
Accrued Payroll and Related Expenses	3,012	12,645
 Total Adjustments	12,657	(246,872)
 Net Cash (Used In) Provided By Operating Activities	(316,487)	184,630
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Equipment, Furniture and Fixtures	(47,526)	(12,235)
 Net Cash Used In Investing Activities	(47,526)	(12,235)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Loan Payable	310,200	297,920
Repayments of Loan Payable	(297,920)	-
 Net Cash Provided By Financing Activities	12,280	297,920
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(351,733)	470,315
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	1,075,082	604,767
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 723,349	\$ 1,075,082

Washington Heights CORNER Project, Inc.  
Notes to the Financial Statements  
June 30, 2021 and 2020

NOTE 1 – ORGANIZATION

The Washington Heights CORNER Project, Inc. (the “Organization”) is a community based organization whose mission is to significantly improve the health and quality of life of people who use drugs in the Washington Heights area of Manhattan. To help overcome stigma and systemic barriers to care, the Organization provides support and services in an empowering and non-judgmental environment and apply a participant-driven harm reduction approach. The Organization expands access to clean syringes through street-based outreach, and provides resources, advocacy, and a broad range of educational, health and referral services that reduce risks associated with drug use, including HIV, viral hepatitis and overdose.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting*

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

*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.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash, Cash Equivalents and Restricted Cash*

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 three months or less to be cash equivalents.

*Functional Allocation of Expenses*

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Washington Heights CORNER Project, Inc.  
Notes to the Financial Statements  
June 30, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*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.

The Organization files the Form 990 in the U.S. federal jurisdiction. With few exceptions, as of June 30, 2021, the Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for the year ended prior to June 30, 2018. The tax returns for the years ended June 30, 2018 through June 30, 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, furniture and equipment are carried at cost less accumulated depreciation, which is provided on the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the lesser of the useful life of the improvement or the life of the lease. Expenditures for repairs and maintenance are expensed as incurred.

The Organization capitalizes assets with cost of \$2,000 and over. Depreciation is calculated based on the useful lives of the assets as follows: Leasehold Improvements, 7 - 10 Years; Equipment, furniture and fixtures, 3 -10 Years

*Revenue Recognition and Receivables*

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 deferred revenue.

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.

Washington Heights CORNER Project, Inc.  
Notes to the Financial Statements  
June 30, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Contributed Program Supplies*

The Organization records the estimated value of contributed program supplies at their fair values in the period received. The estimated value of these supplies has been reflected in the accompanying financial statements as support with a related amount included in contributed supplies distributed, which have been charged to program services.

*Credit Risk*

The Organization maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2021, the entity had \$395,903 in excess of FDIC-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.

NOTE 3 – CONTRACT RECEIVABLES

Contract receivables consist of unreimbursed expenses, net of allowance for bad debt, through fiscal year ended June 30, and are due from governmental agencies and other contracted organizations.

	2021	2020
Contract Receivables	\$ 1,944,971	\$ 2,006,533
Less: Allowance for Bad Debt	(252,062)	-
	\$ 1,692,909	\$ 2,006,533

NOTE 4 – LOAN PAYABLE

*PPP Loan*

On April 27, 2020, the Organization received loan proceeds in the amount of \$297,920 under the Paycheck Protection Program ("PPP"), which was forgiven on September 3, 2021. On April 19, 2021, the Organization received loan proceeds in the amount of \$310,200 under the Paycheck Protection Program - Second Draw ("PPP"), which was forgiven on December 8, 2021. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

The Organization has recorded notes payable for the PPP loan - 2nd draw and will record forgiveness upon being legally released from the loan obligations. The Organization used both PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 6 months of the end of the covered period. The Small Business Administration ("SBA") determined that the amounts the Organization requested for forgiveness ("Forgiven Amounts") on both PPP loans were fully approved and the SBA remitted the Forgiven Amounts to Popular Bank. The PPP loans were paid in full (including applicable interests). The forgiveness for the 1st draw was recorded as income in fiscal year 2021 and the forgiveness for the 2nd draw will be recorded as income in fiscal year 2022.

Washington Heights CORNER Project, Inc.  
Notes to the Financial Statements  
June 30, 2021 and 2020

NOTE 5 – RELATED PARTY TRANSACTIONS

The Organization may, on occasion, process disbursements on behalf of New York Harm Reduction Educators, Inc. (NYHRE) to which it is related through common directorship, management and other personnel. Those disbursements for operating expenses, other than those for payroll and payroll-related expenses, are accounted for as expenses by NYHRE and create inter-company receivables/payables. All inter-company payables are considered to be non-interest bearing and due on demand.

NOTE 6 – NET ASSETS

Net assets at June 30, consist of:

	2021	2020
Net assets without donor restrictions:		
Undesignated	\$ 1,595,642	\$ 1,210,020
Net investment in fixed assets	106,934	97,380
Total net assets without donor restrictions	1,702,576	1,307,400
Net assets with donor restrictions:		
Restricted for substance abuse programs	362,902	775,850
Restricted for development of new location	280,476	500,000
Restricted for technology	-	91,848
Restricted for a memorial fund	60,173	60,173
Total net assets with donor restrictions	703,551	1,427,871
Total net assets	\$ 2,406,127	\$ 2,735,271

NOTE 7 – CONTINGENCIES AND COMMITMENTS

Audits by Funding Sources

The Organization receives a significant portion of its funding from government, foundation and corporate 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 \$2,000 are expensed and not capitalized. However, WHCP inventories the assets in anticipation of future claims in accordance with contract terms, although the grantors have typically not reclaimed the assets at the end of the grant periods.

Washington Heights CORNER Project, Inc.  
Notes to the Financial Statements  
June 30, 2021 and 2020

NOTE 8 – CONTINGENCIES AND COMMITMENTS (continued)

Operating Lease Commitments

As of September 2018, WHCP relocated its offices to 104-106 East 126th Street, New York, NY and was operating on a month to month lease payment until November 2020.

The Organization entered into a lease agreement on December 1, 2020 with Betancourt Realty Corp for a portion, 5,000 gross sq ft on the 2nd & 3rd floors & the entire ground floor and lower level, of the building located at 2416 Amsterdam Avenue Street, New York, NY. It is a 32-year lease that commences on December 1, 2020 and ends on November 30, 2052.

The Organization's commitment to pay base rent (which excludes operating and other escalations) is as follows:

Year Ending	Total
2022	\$ 183,150
2023	188,645
2024	194,304
2025	200,133
2026	206,137
Thereafter	8,373,128
	\$ 9,345,497

Equipment Lease Commitments

The Organization has a lease for a copier and washer/dryer that requires monthly payments of \$611 and \$140, respectively, plus taxes and fees and expires on November 30, 2022 and June 30, 2026, respectively.

Future lease commitments under the operating leases are as follows:

Year Ending	Total
2022	\$ 9,012
2023	4,735
2024	1,680
2025	1,680
2026	1,260
	\$ 18,367

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$2,416,258 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 \$723,349 and grants and contributions receivable of \$1,692,909.

The Organization is substantially supported by governmental contracts. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. 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.

Washington Heights CORNER Project, Inc.  
Notes to the Financial Statements  
June 30, 2021 and 2020

NOTE 10 – CONCENTRATIONS

Financial instruments which potentially subject the Organization to a concentration of credit risk are cash accounts with financial institutions which, at times may exceed the Federal Deposit Insurance Corporation insured limit of \$250,000. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

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

NOTE 11 – 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 July 20, 2022, for these financial statements.

**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 Trustees of  
Washington Heights CORNER Project, Inc.  
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 financial statements of Washington Heights CORNER Project, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Washington Heights CORNER Project, Inc.'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 Washington Heights CORNER Project, Inc.'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washington Heights CORNER Project, Inc.'s 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  
August 20, 2022