The Washington Center

THE WASHINGTON CENTER FOR INTERNSHIPS AND ACADEMIC SEMINARS

SINGLE AUDIT FINANCIAL REPORT UNDER UNIFORM GUIDANCE

DECEMBER 31, 2021 AND 2020

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CENTERED ON YOUR SUCCESS

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Independent Auditor's Report

Board of Directors
The Washington Center for Internships and Academic Seminars
Washington, D.C.

Opinion

We have audited the accompanying financial statements of The Washington Center for Internships and Academic Seminars (the Center), which comprise the statements of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 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.

Basis for Opinion

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 Controller 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 the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the 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 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.

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

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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Center'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 audits were conducted for the purpose of forming an opinion on the 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 audits 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
The Washington Center for Internships and Academic Seminars

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022, on our consideration of The Washington Center for Internships and Academic Seminars' 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 The Washington Center for Internships and Academic Seminars' 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 The Washington Center for Internships and Academic Seminars' internal control over financial reporting and compliance.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
July 15, 2022

Certified Public Accountants

THE WASHINGTON CENTER FOR INTERNSHIPS AND ACADEMIC SEMINARS

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 2,527,533**	$ 4,065,804
Cash and Cash Equivalents - Restricted	**1,352,145**	1,352,145
Accounts Receivable (Net of Allowance for Doubtful Accounts of $860,000 and $727,456, Respectively)	**3,992,262**	1,834,613
Promises to Give (Net of Allowance for Uncollectible Promises of $28,205 and $28,205, Respectively)	**173,388**	527,498
Prepaid Expenses	**217,557**	166,843
Total Current Assets	**8,262,885**	7,946,903
Noncurrent Assets		
Security Deposits	**184,049**	184,007
Promises to Give - Long-Term Portion	**193,752**	150,576
Property and Equipment (Net of Accumulated Depreciation of $14,123,162 and $12,917,312, Respectively)	**35,702,144**	36,738,912
Total Noncurrent Assets	**36,079,945**	37,073,495
Total Assets	**$ 44,342,830**	$ 45,020,398
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	**$ 1,939,012**	$ 2,679,760
PPP Refundable Advance	**1,468,222**	2,335,495
Other Refundable Advances	**224,000**	-
Deferred Revenues - Internship Program and Housing Fees	**103,573**	174,990
Loans Payable - Current Portion	**989,964**	1,311,915
Line of Credit	**2,300,000**	2,300,000
Total Current Liabilities	**7,024,771**	8,802,160
Long-Term Liabilities		
Interest Rate Swap Obligation	**240,227**	451,835
Loans Payable, Less Unamortized Loan Issuance Costs	**34,031,126**	33,996,777
Total Long-Term Liabilities	**34,271,353**	34,448,612
Total Liabilities	**41,296,124**	43,250,772
Net Assets		
Without Donor Restrictions	**(627,196)**	(1,470,338)
With Donor Restrictions	**3,673,902**	3,239,964
Total Net Assets	**3,046,706**	1,769,626
Total Liabilities and Net Assets	**$ 44,342,830**	$ 45,020,398

See accompanying Notes to Financial Statements.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Support						
Internship Program and Housing Fees	**$ 7,942,119**	**$ -**	**$ 7,942,119**	$ 7,865,490	$ -	$ 7,865,490
Less Financial Assistance	**(765,402)**	**-**	**(765,402)**	(992,634)	-	(992,634)
	7,176,717	**-**	**7,176,717**	6,872,856	-	6,872,856
Paid Placements and Grants	**6,945,084**	**-**	**6,945,084**	6,900,214	-	6,900,214
Contributions	**793,156**	**779,985**	**1,573,141**	503,852	714,879	1,218,731
Miscellaneous Revenue	**23,445**	**-**	**23,445**	25,959	-	25,959
	14,938,402	**779,985**	**15,718,387**	14,302,881	714,879	15,017,760
Net Assets Released from Restrictions	**346,047**	**(346,047)**	**-**	573,623	(573,623)	-
Total Operating Revenues and Support	**15,284,449**	**433,938**	**15,718,387**	14,876,504	141,256	15,017,760
Operating Expenses						
Program Services	**15,010,004**	**-**	**15,010,004**	15,442,887	-	15,442,887
Supporting Services						
General and Administrative	**2,961,883**	**-**	**2,961,883**	5,072,078	-	5,072,078
Fundraising	**284,241**	**-**	**284,241**	488,146	-	488,146
Total Supporting Services	**3,246,124**	**-**	**3,246,124**	5,560,224	-	5,560,224
Total Operating Expenses	**18,256,128**	**-**	**18,256,128**	21,003,111	-	21,003,111
Changes in Net Assets from Operations	**(2,971,679)**	**433,938**	**(2,537,741)**	(6,126,607)	141,256	(5,985,351)
Nonoperating Gains (Losses)						
Change in Fair Value of Interest Rate Swap Agreement	**211,608**	**-**	**211,608**	(180,799)	-	(180,799)
Investment Income	**-**	**-**	**-**	7,214	-	7,214
PPP Loan Forgiveness	**2,335,495**	**-**	**2,335,495**	-	-	-
Employee Retention Credit (ERC)	**1,267,718**	**-**	**1,267,718**	-	-	-
Total Nonoperating Gains (Losses)	**3,814,821**	**-**	**3,814,821**	(173,585)	-	(173,585)
Changes in Net Assets	**843,142**	**433,938**	**1,277,080**	(6,300,192)	141,256	(6,158,936)
Net Assets, Beginning of Year	**(1,470,338)**	**3,239,964**	**1,769,626**	4,829,854	3,098,708	7,928,562
Net Assets, End of Year	**$ (627,196)**	**$ 3,673,902**	**$ 3,046,706**	$ (1,470,338)	$ 3,239,964	$ 1,769,626

See accompanying Notes to Financial Statements.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services General and Administrative	Fundraising	Total
Salaries and Benefits	$ 5,286,949	$ 1,074,197	$ 211,834	$ 6,572,980
Professional Fees	1,711,713	1,224,177	120	2,936,010
Tuition Expense	699,458	-	-	699,458
Interest Expense	1,517,142	244,111	41,176	1,802,429
Occupancy	935,073	55,658	10,602	1,001,333
Depreciation Expense	1,135,945	50,380	14,408	1,200,733
Travel and Meetings	274,498	24,768	593	299,859
Student Housing	512	-	-	512
Office Expenses	61,629	82,829	5,508	149,966
Stipends	3,361,912	-	-	3,361,912
Miscellaneous	25,173	205,763	-	230,936
Total	$ 15,010,004	$ 2,961,883	$ 284,241	$ 18,256,128

See accompanying Notes to Financial Statements.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total
Salaries and Benefits	$ 5,460,435	$ 1,440,659	$ 395,399	$ 7,296,493
Professional Fees	1,633,691	1,004,433	21,036	2,659,160
Tuition Expense	918,370	-	-	918,370
Interest Expense	1,468,131	121,457	12,085	1,601,673
Occupancy	815,295	396,152	18,375	1,229,822
Depreciation Expense	1,167,965	96,931	25,848	1,290,744
Travel and Meetings	630,509	5,522	10,480	646,511
Student Housing	5,138	-	-	5,138
Office Expenses	104,015	91,449	4,923	200,387
Stipends	3,239,338	-	-	3,239,338
Loss on Disposal of Property and Equipment	-	1,626,693	-	1,626,693
Miscellaneous	-	288,782	-	288,782
Total	$ 15,442,887	$ 5,072,078	$ 488,146	$ 21,003,111

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	**$ 1,277,080**	$ (6,158,936)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used in Operating Activities		
Depreciation	**1,200,733**	1,290,744
Loan Issuance Cost Amortization	**90,973**	90,974
(Gain) Loss on Interest Rate Swap Agreement	**(211,608)**	180,798
Net Realized and Unrealized Gains on Investments	**-**	(2,026)
Loss on Disposal of Property and Equipment	**-**	1,626,693
(Increase) Decrease in Assets		
Accounts Receivable	**(2,157,649)**	(863,839)
Promises to Give	**310,934**	562,043
Prepaid Expenses	**(50,714)**	379,027
Security Deposits	**(42)**	(60)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	**(740,748)**	990,043
PPP Refundable Advance	**(867,273)**	2,335,495
Other Refundable Advances	**224,000**	-
Deferred Revenues - Internship Program and Housing Fees	**(71,417)**	(150,926)
Refundable Advance	**-**	(578,578)
Net Cash Used in Operating Activities	**(995,731)**	(298,548)
Cash Flows from Investing Activities		
Purchases of Investments	**-**	(211,350)
Sales of Investments	**-**	1,529,186
Purchases of Property and Equipment	**(163,965)**	(43,013)
Net Cash (Used in) Provided by Investing Activities	**(163,965)**	1,274,823
Cash Flows from Financing Activities		
Proceeds from Line of Credit	**-**	2,300,000
Payments on Loans Payable	**(378,575)**	(591,630)
Net Cash (Used in) Provided by Financing Activities	**(378,575)**	1,708,370
Net Change in Cash and Cash Equivalents	**(1,538,271)**	2,684,645
Cash and Cash Equivalents at Beginning of Year	**5,417,949**	2,733,304
Cash and Cash Equivalents at End of Year	**$ 3,879,678**	$ 5,417,949
Supplementary Disclosure of Cash Flow Information		
Cash Paid during the Year for Interest	**$ 2,409,022**	$ 914,476

See accompanying Notes to Financial Statements.

1. ORGANIZATION

The Washington Center for Internships and Academic Seminars (the Center) was incorporated in Washington, D.C., in 1975. The Center was established to provide internship opportunities and academic seminars to college students from across the country and around the world. The Center is affiliated with more than 400 colleges and universities and places 1,250 to 1,600 interns annually. The Center also hosts thousands of students annually in its seminar and convention programs. Interns are placed in all sectors and most earn academic credit due to the rigorous coursework, professional development, and civic engagement that compliments the internship.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Center presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Resources that are available for general operations and resources designated by the Center's Board of Directors for approved expenditures.

Net Assets With Donor Restrictions - Resources that are subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor-restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The presentation 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 period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

For purposes of the statements of cash flows, the Center excludes from cash and cash equivalents certificates of deposit and money funds held for investment.

Accounts Receivable

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering the Center's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect a debtor's ability to pay, and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debt expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due based on management's determination. Accounts receivable are charged off based on management's case-by-case determination that they are uncollectible.

Promises to Give and Support Recognition

Contributions, including unconditional promises to give, are recognized at fair value as support in the period received. Promises to give that are expected to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible promises to give is provided based upon management's judgment of potentially uncollectible amounts. Bequests are recognized at the time an unassailable right to the gift has been established and proceeds are measurable.

Revenues and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions by fulfillments of the donor-stipulated purposes or by passage of the stipulated time periods are reported in the statements of activities as net assets released from restrictions.

Conditional contributions are not recorded as revenue until the related conditions have been satisfied. Assets received in a conditional contribution are reported as a refundable advance until the conditions have been substantially met or explicitly waived by the donor. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Other Refundable Advances

Other refundable advances consist of drawdowns on contracts that were in excess of billings.

Internship Program and Housing Fees

Tuition and housing is invoiced in the months prior to the student's internship and payments received prior to the internship are recorded as deferred revenue until the student begins their internship. Tuition and housing fees revenue are recognized in the period the student takes residence and begins their internship.

Paid Placements and Grants

Grant revenue is recognized based on either fixed costs or cost reimbursement, depending on the terms of the grant agreement. Nonetheless, revenue is calculated according to ASC 606 over the course of the Paid Placement and Grant program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Assets and major improvements purchased by the Center are stated at cost. The Center's policy is to capitalize purchases of property and equipment with useful lives of over one year and costing $5,000 or more. Noncash contributions of property and equipment are recorded as support at their estimated fair values at the dates of donation. In the absence of donor-imposed restrictions on the use of assets, contributions of long-lived property and equipment are recorded as unrestricted support. Contributions of assets restricted to purchase or construct long-lived assets are recorded as restricted support, and the restrictions are released when the purchases are made or construction is completed. Depreciation expense is computed using the straight-line method over the estimated useful lives of the property and equipment as follows:

Buildings	39 Years
Furniture and Equipment	5-15 Years
Software	3-5 Years

Allocated Expenses

Expenses by function have been allocated by management among program services, general and administrative, and fundraising classifications on the basis of direct and indirect expense relationships. General and administrative expenses also include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

Income Taxes

The Center is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for income taxes on unrelated business income activities. During the years ended December 31, 2021 and 2020, the Center did not engage in any unrelated business income activities. As of December 31, 2021, the Center's federal and state annual information returns filed with the Internal Revenue Service and the District of Columbia remain open to examination generally for three years after they were filed.

Uncertain Tax Positions

The Center follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), which provides guidance on accounting for uncertainty in income taxes recognized in the Center's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of December 31, 2021, the Center had no uncertain tax positions that qualify for either recognition or disclosure in its financial statements.

The Center's policy is to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were recorded during the year ended December 31, 2021.

Reclassifications

Certain 2020 amounts have been reclassified for comparative purposes.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center's cash flows have seasonal variations due to the timing of tuition and housing billings, grants, and contributions. The Center manages its liquidity to meet general expenditures, liabilities and other obligations as they become due. Excess cash flows not needed for day- to- day operations are invested in certificates of deposit and money market accounts.

As of December 31, 2021, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2022:

Financial Assets	
Cash and Cash Equivalents	**$ 3,879,678**
Accounts Receivable	**3,992,262**
Promises to Give	**173,388**
Less Donor Restricted - Purpose	**(1,996,757)**
Less Donor Restricted - Endowment Funds	**(1,677,145)**
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	**4,371,426**
Other Liquidity Resources	
Reserves with Berkadia	**180,065**
Financial Assets and Other Liquidity Resources Available to Meet Cash Needs for General Expenditures within One Year	**$ 4,551,491**

As of December 31, 2020, the following financial assets and liquidity sources were available for general operating expenditures in the year ended December 31, 2021:

Financial Assets	
Cash and Cash Equivalents	$ 5,417,949
Accounts Receivable	1,834,613
Promises to Give	527,498
Less Donor Restricted - Purpose	(1,887,819)
Less Donor Restricted - Endowment Funds	(1,352,145)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	4,540,096
Other Liquidity Resources	
Reserves with Berkadia	180,023
Financial Assets and Other Liquidity Resources Available to Meet Cash Needs for General Expenditures within One Year	$ 4,720,119

4. CONCENTRATION OF CREDIT RISK

The Center maintains its cash at federally insured financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Center's cash balances exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

5. FAIR VALUE MEASUREMENTS

The Center has categorized its financial instruments based on a three-level fair value hierarchy as follows:

Level 1 - values are based on quoted prices for identical assets in active markets.

5. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 - values are based on quoted prices for similar assets in active or inactive markets.

Level 3 - values are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value measurement objective is to determine an exit price from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the Center's judgment about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include the Center's own data.

As of December 31, 2021, the Center's liabilities measured at fair value on a recurring basis consisted of the following:

	Fair Value	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Interest Rate Swap	**$ (240,227)**	**$ -**	**$ (240,227)**	**$ -**
Total Recurring Fair Value Measurements	**$ (240,227)**	**$ -**	**$ (240,227)**	**$ -**

As of December 31, 2020, the Center's assets and (liabilities) measured at fair value on a recurring basis consisted of the following:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Interest Rate Swap	$ (451,835)	$ -	$ (451,835)	$ -
Total Recurring Fair Value Measurements	$ (451,835)	$ -	$ (451,835)	$ -

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating the fair values of its financial instruments:

Cash and Cash Equivalents - The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

Investments - The fair values of investments in marketable equity and debt securities are based on quoted market prices.

Promises to Give - The carrying amounts of promises to give to be received in less than one year approximate their fair values because of the short maturities of those financial instruments. The fair values of promises to give to be received in more than one year are determined based on future cash flows of promises to give expected to be collected, discounted to present value at a rate of 0.13% at December 31, 2021 and 2020.

Interest Rate Swap Obligation - Fair value is estimated by the commercial bank issuing the swap agreement based on current market terms of swap agreements with similar durations and interest rates.

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Loans Payable - The carrying amounts of loans payable approximate fair values because those financial instruments predominantly bear interest at variable rates that approximate current market rates for loans with similar maturities and credit quality.

The estimated fair values of the Center's financial instruments are as follows:

	Assets (Liabilities)	
	Carrying Amount	**Fair Value**
December 31, 2021		
Cash and Cash Equivalents	**$ 3,879,678**	**$ 3,879,678**
Promises to Give	**367,140**	**367,140**
Interest Rate Swap Obligation	**(240,227)**	**(240,227)**
Loans Payable	**(35,021,090)**	**(35,021,090)**

	Assets (Liabilities)	
	Carrying Amount	Fair Value
December 31, 2020		
Cash and Cash Equivalents	$ 5,417,949	$ 5,417,949
Promises to Give	678,074	678,074
Interest Rate Swap Obligation	(451,835)	(451,835)
Notes and Loans Payable	(35,308,692)	(35,308,692)

7. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Grants and Contracts	**$ 2,269,750**	$ 1,099,890
Schools	**538,549**	278,504
Students	**161,067**	146,270
Employee Retention Credit	**1,267,718**	-
Other	**615,178**	1,037,405
Subtotal	**4,852,262**	2,562,069
Less Allowance for Doubtful Accounts	**(860,000)**	(727,456)
Net	**$ 3,992,262**	$ 1,834,613

8. PROMISES TO GIVE

Promises to give, net of allowance for uncollectible promises and discount to present value, at December 31, 2021 and 2020, are summarized as follows:

	Net Assets With Temporary Donor Restrictions
December 31, 2021	
Gross Promises to Give Expected to be	
Collected in Less than One Year	**$ 201,593**
One to Five Years	**194,145**
Total	**395,738**
Less Allowance for Uncollectible Promises	**(28,205)**
Discount to Present Value	**(393)**
Net Promises to Give	**$ 367,140**

	Net Assets With Temporary Donor Restrictions
December 31, 2020	
Gross Promises to Give Expected to be	
Collected in Less than One Year	$ 555,703
One to Five Years	150,969
Total	706,672
Less Allowance for Uncollectible Promises	(28,205)
Discount to Present Value	(393)
Net Promises to Give	$ 678,074

Unconditional promises to give due in more than one year are discounted at approximately .13%.

The amount of government grants that have not been received or spent by the Center are accounted for as conditional promises to give. Conditional promises to give for the years ended December 31, 2021 and 2020, were approximately $285,000 and $428,000, respectively. This amount will be recognized as revenue when the conditions are met, that is when the Center meets the allowable costs.

9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2021	2020
Land	**$ 11,416,217**	$ 11,416,217
Building	**34,521,620**	34,374,754
Furniture and Equipment	**3,100,800**	3,100,800
Software	**786,669**	764,453
Total	**49,825,306**	49,656,224
Less Accumulated Depreciation	**(14,123,162)**	(12,917,312)
Net Property and Equipment	**$ 35,702,144**	$ 36,738,912

During 2020, the Center wrote off the amount recorded from Campus Management Software - Work in Progress. The Center recognized a loss of approximately $1,627,000. This amount was reflected as loss on disposal of property and equipment in the statement of functional expenses for the year ended December 31, 2020.

10. LOANS PAYABLE

Effective July 13, 2006, the District of Columbia (the District) issued $8,500,000 of Variable Rate Demand Revenue Bonds, Series 2006 (Series 2006 Bonds), the proceeds of which were loaned to the Center under a loan agreement with the District (2006 District Loan). Under the loan agreement, the Center makes payments to the bond trustee, for deposit in a bond fund, of any amounts of principal and interest that are due on the Series 2006 Bonds. The bond fund is then used by the trustee to make payments due on the Series 2006 Bonds. The proceeds of the 2006 District Loan were used by the Center as follows:

a. The acquisition, renovation, furnishing, and equipping of land and an existing building containing approximately 20,000 square feet located in Washington, D.C., for use as an office, classroom, and "student union" type facility, together with at-grade parking spaces and other property functionally related and subordinate thereto;

b. certain working capital expenditures;

c. capitalized interest;

d. any required deposit to a debt service reserve fund or other reserve fund;

e. certain eligible costs of issuing the 2006 District Loan; and

f. the cost of any 2006 District Loan issuance or other credit enhancement.

Payment of principal of and interest on the Series 2006 Bonds was secured by an irrevocable, direct-pay letter of credit in the amount of $8,597,809 issued by a commercial bank in favor of the Series 2006 Bonds trustee. The trustee was permitted to draw funds under the letter of credit in amounts sufficient to pay the Series 2006 Bonds principal and interest due at a given point in time and the purchase price of any Series 2006 Bonds rendered to the District by bondholders.

In July 2017, the District reissued the Series 2006 Bonds and proceeds of $7,035,000 were loaned to the Center to refinance the Bonds originally issued.

10. LOANS PAYABLE (CONTINUED)

The interest rate for the Series 2017 Bonds and related 2017 District Loan was 68% of 1-Month LIBOR plus a spread of 1.97% per annum.

The Center obtained two loans representing $32,000,000 and used the proceeds to pay off the 2009 District Loan in May 2016. The interest rate is 4% over a 30 year period. Principal and interest payable is $152,773 per month for 10 years, at which time the outstanding balance is either due or needs to be refinanced by June 1, 2026. These loans are secured by the first Deed of Trust on the property known as "RAF" (1005 3rd Street NE, Washington, D.C.).

In June 2020, the Center requested the bank modify the principal and interest payments required under the existing loan. As a result, the Center signed a forbearance agreement that allowed it to defer interest and principal payments due in 2020.

In December 2021, the Center entered into a contract for the sale of its Headquarters building located in Washington, D.C. The Settlement occurred on February 16, 2022. See subsequent note.

Long-term loans payable at December 31, 2021 and 2020, consisted of:

	2021	2020
Principal Amount	**$ 34,408,300**	$ 34,464,924
Less Unamortized Loan Issuance Costs	**377,174**	468,147
Long-Term Loan Payable, Net	**$ 34,031,126**	$ 33,996,777

The Center follows the authoritative GAAP guidance for the presentation of debt issuance cost and related amortization. Debt issuance costs are reported on the statements of financial position as a direct deduction from the face amount of debt.

The Center reflects amortization of debt issuance costs as interest expense.

The future maturities of long-term debt are as follows:

For the Years Ending December 31,	
2022	$ 989,964
2023	1,032,056
2024	1,076,918
2025	1,126,262
2026	1,042,939
Thereafter	30,130,125
Total	$ 35,398,264

10. LOANS PAYABLE (CONTINUED)

Interest Expense

Interest cost incurred is as follows:

	2021	2020
District Loans Interest	**$ 90,974**	$ 90,974
Interest under Swap Obligation	**229,542**	241,902
Loan and Leases Payable Interest	**1,481,913**	1,268,797
Total Interest Cost Incurred	**$ 1,802,429**	$ 1,601,673

11. INTEREST RATE SWAP AGREEMENT

In September 2006, the Center entered into an interest rate swap agreement to reduce the impact of changes in the interest rate on its variable rate long-term debt (District of Columbia Loans). As of September 2006, the Center's interest rate swap agreement with a commercial bank had a notional principal amount of $8,500,000.

This agreement effectively changed the Center's interest rate exposure on $8,320,000 of its variable rate debt to a fixed rate of 3.895%.

Subsequently, the Center amended the swap agreement to lower the interest rate and extend the term of the agreement. The amended agreement became effective as of September 1, 2010. As of September 2010, the Center's interest rate swap agreement with a commercial bank had a notional principal amount of $8,320,000. This agreement effectively changed the Center's interest rate exposure on $8,320,000 of its variable rate debt to a fixed rate of 3.65%. In August 2017, the Center amended its interest rate swap agreement. As of August 2017, the Center's interest rate swap agreement with a commercial bank had a notional principal amount of $7,035,000 and changed its fixed rate to 3.945%. The interest rate swap agreement matures in August 2025.

The swap agreement was issued at market terms so that it had no value at inception. The carrying amount of the swaps has been adjusted to their estimated fair value at the end of the year, which, because of changes in interest rates, resulted in reporting a liability of $240,227 and $451,835 at December 31, 2021 and 2020, respectively, for the fair value of the future net payments forecasted under the swaps.

The market and credit risk associated with interest rate swaps are similar to those relating to other types of financial instruments. Market risk is the exposure created by potential fluctuations in interest rates and is directly related to this type of product. The Center has entered into this swap to offset the variable interest rates on the debt and, therefore, does not anticipate significant market risk arising from the swap. Credit risk is the exposure to nonperformance of another party to the agreement. The Center believes it has mitigated credit risk by contracting with a highly rated bank.

12. NET ASSETS WITH DONOR RESTRICTIONS

The following is an analysis of net assets with donor restrictions at December 31, 2021 and 2020:

	2021			
Net Assets With Donor Restrictions	**Balance, 12/31/2020**	**Contributions**	**Net Assets Released and Reclassifications**	**Balance, 12/31/2021**
Temporarily Restricted				
Net Promises to Give - Restricted for Time	**$ 293,095**	**$ -**	**$ (19,108)**	**$ 273,987**
Programs (Primarily Scholarships)	**1,594,724**	**454,985**	**(326,939)**	**1,722,770**
Total Temporarily Restricted	**1,887,819**	**454,985**	**(346,047)**	**1,996,757**
Permanently Restricted for Scholarships	**1,352,145**	**325,000**	**-**	**1,677,145**
Total Net Assets With Donor Restrictions	**$ 3,239,964**	**$ 779,985**	**$ (346,047)**	**$ 3,673,902**

	2020			
Net Assets With Donor Restrictions	Balance, 12/31/2019	Contributions	Net Assets Released and Reclassifications	Balance, 12/31/2020
Temporarily Restricted				
Net Promises to Give - Restricted for Time	$ 417,575	$ -	$ (124,480)	$ 293,095
Programs (Primarily Scholarships)	1,383,988	659,879	(449,143)	1,594,724
Total Temporarily Restricted	1,801,563	659,879	(573,623)	1,887,819
Permanently Restricted for Scholarships	1,297,145	55,000	-	1,352,145
Total Net Assets With Donor Restrictions	$ 3,098,708	$ 714,879	$ (573,623)	$ 3,239,964

13. ENDOWMENT

The Center's endowment consists of contributions established as donor-restricted endowment funds. Net assets associated with this endowment fund are classified and reported based on the existence of donor-imposed restrictions.

Investment Policy

The primary investment objective of the Endowment Fund is to produce a rate of total return which will permit support for the General Operating Fund of the Center to the extent that is consistent with the following: prudent management of investments, preservation of principal, and potential for long-term asset growth. Under existing market conditions, we will seek investment grades that are reasonable, but with the overarching factor that principal preservation is a greater priority than targeted returns. We will adjust accordingly as the economy changes.

The income earned from these investments is primarily to fund perpetual scholarships as designated by the donor(s) when the original gift was made. Some endowment gifts were not directed and, in those cases, only, the Center will have discretion over how to utilize the interest generated by those portions of the investments.

Performance will be monitored on a quarterly basis. For all funds held by the Center - the goal is preservation. The funds available to the Center are not substantial enough to take any extraordinary risks and thus preservation of principal over generating returns will be followed until such time that the reserve funds grow where this philosophy must be altered.

13. ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The long- and short-term needs of the Center in carrying out its purpose;

(2) The Center's present and anticipated financial requirements;

(3) Expected total return on investments;

(4) Price level trends;

(5) General economic conditions.

Endowment Net Assets Analysis

Endowment net asset composition by type of fund at December 31, 2021, is as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Purpose Restricted	Held in Perpetuity Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 1,677,145	$ 1,677,145

Changes in endowment net assets for the year ended December 31, 2021, are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Purpose Restricted	Held in Perpetuity Restricted	Total
Endowment Net Assets, Beginning of Year	$ -	$ -	$ 1,352,145	$ 1,352,145
Investment Return	-	-	-	-
Contributions	-	-	325,000	325,000
Appropriation of Endowment Assets for Expenditure	-	-	-	-
Endowment Net Assets, End of Year	$ -	$ -	$ 1,677,145	$ 1,677,145

13. ENDOWMENT (CONTINUED)

Endowment Net Assets Analysis (Continued)

Endowment net assets composition by type of fund as of December 31, 2020, is as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Purpose Restricted	Held in Perpetuity Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 1,352,145	$ 1,352,145

Changes in endowment net assets for the year ended December 31, 2020, are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Purpose Restricted	Held in Perpetuity Restricted	Total
Endowment Net Assets, Beginning of Year	$ -	$ -	$ 1,297,145	$ 1,297,145
Investment Return	-	4,213	-	4,213
Contributions	-	-	55,000	55,000
Appropriation of Endowment Assets for Expenditure	-	(4,213)	-	(4,213)
Endowment Net Assets, End of Year	$ -	$ -	$ 1,352,145	$ 1,352,145

14. CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers consisted of the following:

	Point in Time	Over Time	Total
Internship Program and Housing Fees, Net of Financial Assistance	$ 7,176,717	$ -	$ 7,176,717

15. RETIREMENT PLAN

The Center adopted a Safe Harbor 401(k) plan. Under the Safe Harbor provisions, the Center will make a matching contribution equal to 100% of salary deferrals that do not exceed 3% of compensation, plus 50% of salary deferrals between 3% and 5% of compensation. These Safe Harbor matching contributions will be fully vested when made. Matching expense for the years ended December 31, 2021 and 2020, was $159,099 and $170,072, respectively.

16. EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was created as part of the CARES Act in response to COVID-19 and provides employers a refundable tax credit against certain employment taxes after March 12, 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the ERC through June 30, 2021.

The Center applied for and received the ERC for the first, second, and third quarters of 2021 in the amount of approximately $1,268,000 and the ERC is shown as nonoperating revenue on the statements of activities for the year ended December 31, 2021.

17. PPP REFUNDABLE ADVANCE

During 2020, the Center received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of $2,335,495. PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. This loan was forgiven in June 2021 and the amount is shown as PPP loan forgiveness on the statements of activities for the year ended December 31, 2021. In February 2021, the Center received a second PPP loan in the amount of $1,468,222. The loan proceeds are included in the PPP refundable advance on the statements of financial position.

18. MANAGEMENT'S PLANS

COVID-19 negatively affected enrollment at the Center during 2020. The result was a significant loss of revenue resulting in a decline of approximately $6,200,000 in net assets for 2020. The change in net assets includes a loss on disposal of equipment of approximately $1,600,000, after determining the costs of maintaining the equipment did not justify the benefits received. Management took several actions to ensure the Center's continuing success, such as converting to remote services, reducing operating cost by over 30%, applying for and receiving a PPP loan in the amount of $2,335,495, receiving over $1,000,000 in donations as well as requesting and receiving relaxation of donor restrictions on funds being held by the Center. During 2021, management bolstered its cash position by continuing to lower operating costs by 13% and availing itself of stimulus opportunities. The Center received a second PPP loan in the amount of $1,468,222, received forgiveness for the first PPP loan in June 2021, and received forgiveness for the second PPP loan in January 2022. The Center also qualified for the Employee Retention Credit (ERC) for the first three quarters of 2021, a total of $1,267,718 of which approximately $400,000 was received in early 2022. In addition, the Center entered into a contract to sell the headquarters building which settled in early 2022. As a result, 2021 had a positive change in net assets in the amount of approximately $1,277,000. The Center developed a new Strategic Plan which was approved in April 2022 and is targeted at expanding markets, offerings, and internal controls. Management has evaluated ongoing risks and is continuing to focus on funding sources, strategic direction, and effective use of resources.

19. CONTINGENCIES

Federal Funding

The Center receives program funding from the federal government that is subject to audit and adjustment by the awarding agencies. Although the Center does not expect any adjustments, any such adjustments could be material to the financial statements.

Intention to Give

Bequests included in wills are intentions to give, yet the donor has the right to modify or change the will. Bequests are not recorded in the financial statements until they are legally enforceable.

19. CONTINGENCIES (CONTINUED)

COVID-19 Pandemic

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

20. SUBSEQUENT EVENTS

Subsequent to the year end, the Center fully executed the contract for the sale of the Headquarters building located at 1333 16th Street, NW, Washington, D.C., for a purchase price of $12,000,000. The Settlement occurred on February 16, 2022. Upon settlement, the Center paid off the District of Columbia Series 2006 Bonds, the Interest Rate Swap Agreement, and the Line of Credit Agreement including accrued interest for a total of $8,313,710. In addition to settlement costs, and the write-off of associated prior finance costs, building, and land, there was a gain of approximately $3,482,000.

In April 2022, the Board of Trustees approved repayment of the forbearance agreement during 2022.

The Center has evaluated subsequent events through July 15, 2022, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE WASHINGTON CENTER FOR INTERNSHIPS AND ACADEMIC SEMINARS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Program or Cluster Title	Federal Assistance Listing No. or Identifying Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Defense			
Basic and Applied Scientific Research	12.300	$ -	$ 509,635
Total United States Department of Defense		-	509,635
United States Department of State			
Thomas R. Pickering Foreign Affairs Fellowship Program	19.013	-	245,221
Total Thomas R. Pickering Foreign Affairs Fellowship Program		-	245,221
General Department of State Assistance	19.700	-	1,396,870
Total General Department of State Assistance		-	1,396,870
Bureau of Western Hemisphere Affairs (WHA) Grant Programs (including Energy and Climate Partnership for the Americas)	19.750	32,097	83,700
Total Bureau of Western Hemisphere Affairs (WHA) Grant Programs		32,097	83,700
Total United States Department of State		32,097	1,725,791
United States Department of Transportation			
Summer Transportation Internship Program for Diverse Groups (STIPDG)	20.693JJ319C000013	-	784,166
Total United States Department of Transportation		-	784,166
Total Expenditures of Federal Awards		$ 32,097	$ 3,019,592

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Washington Center for Internships and Academic Seminars, 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 The Washington Center for Internships and Academic Seminars, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Washington Center for Internships and Academic Seminars.

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 and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COSTS

Indirect costs are calculated and applied in accordance with grant requirements ranging from the 10% de minimis indirect cost rate as allowed under the Uniform Guidance for existing awards/grants. In September 2018, The Washington Center for Internships and Academic Seminars was awarded a Negotiated Indirect Cost Rate Agreement (NICRA) from the United States Department of State for a provisional rate of 22.26% for general and administrative. The Washington Center for Internships and Academic Seminars started to use the provisional NICRA rates on new grants approved in FY 2019. In March 2022, The Washington Center for Internships and Academic Seminars was awarded a NICRA from the United States Department of State for a final rate of 21.15% for 2020 general and administrative and a provisional rate of 21.15% for 2021 general and administrative. The Washington Center for Internships and Academic Seminars will continue to use NICRA rates going forward for all subsequent awards.

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Independent Auditor's 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
The Washington Center for Internships and Academic Seminars
Washington, D.C.

We have audited, in accordance with the 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 The Washington Center for Internships and Academic Seminars (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 July 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Washington Center for Internships and Academic Seminars' internal control over financial reporting (internal control) as a basis for designing 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 The Washington Center for Internships and Academic Seminars' internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Washington Center for Internships and Academic Seminars' financial statements are free from 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 financial statements. 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan & Mitchell, P.C.

Certified Public Accountants

Bethesda, Maryland
July 15, 2022

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
The Washington Center for Internships and Academic Seminars
Washington, D.C.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Washington Center for Internships and Academic Seminars' 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 The Washington Center for Internships and Academic Seminars' major federal programs for the year ended December 31, 2021. The Washington Center for Internships and Academic Seminars' 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, The Washington Center for Internships and Academic Seminars 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 The Washington Center for Internships and Academic Seminars 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 The Washington Center for Internships and Academic Seminars' 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 The Washington Center for Internships and Academic Seminars' 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 The Washington Center for Internships and Academic Seminars' 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 The Washington Center for Internships and Academic Seminars' compliance with the requirements of each major federal program as a whole.

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 The Washington Center for Internships and Academic Seminars' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Washington Center for Internships and Academic Seminars' 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 The Washington Center for Internships and Academic Seminars' 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.

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.

Report on Internal Control over Compliance (Continued)

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.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
July 15, 2022

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of The Washington Center for Internships and Academic Seminars were prepared in accordance with GAAP.

2. No significant deficiencies in internal controls over financial reporting were disclosed during the audit of the financial statements. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of The Washington Center for Internships and Academic Seminars, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over federal award programs were reported. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award programs for The Washington Center for Internships and Academic Seminars expresses an unmodified opinion on all major federal programs.

6. The audit disclosed no audit findings relative to the major federal award programs for The Washington Center for Internships and Academic Seminars that are required to be reported in accordance with 2CFR Section 200.516 (a).

7. The program tested as the major federal program was:

Federal Grantor/Program or Cluster Title	Federal Assistance Listing No. or Identifying Number	Federal Expenditures
United States Department of Transportation		
Summer Transportation Internship Program for Diverse Groups (STIPDG)	20.693JJ319C000013	$ 784,166

8. The threshold used for distinguishing Type A and Type B programs was $750,000.

9. The Washington Center for Internships and Academic Seminars was determined to be a low-risk auditee.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

Financial Statement Audit Findings

There are no prior financial statement audit findings required to be reported.

Federal Award Findings

There are no prior federal award findings required to be reported.