

Guilford County EDO/EDA Grant Application (FY 2018-2019)

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To be considered for a FY 2018-2019 Guilford County Economic Development Agency Grant, this application and all attachments must be completed thoroughly and received by the deadline:
Monday, February 12, 2018 at 5:00PM.

General Agency Information

Agency Name	Federal Tax ID Number
Welfare Reform Liaison Project, Inc.	56-2046446
Phone Number	Fax Number
336-691-5780	
Email/Website Address	
bernitas@wrlp.net	
Mailing Address	
P.O. Box 16085	
City Greensboro	State NC Zip 27416
Physical Address (if different from mailing)	
1600 E. Wendover Ave, Suite I	
City Greensboro	State NC Zip 27405
Is your organization incorporated?	☒ YES ☐ NO
If YES, please list the name(s) of your President and Corporate Secretary:	
Is your organization a L.L.C?	☐ YES ☒ NO
If YES, please list the name(s) of your Managing Director(s):	

Please attach the following items to your application:

- **Proof of your organization's current nonprofit 501(c)(3) tax exempt status and eligibility to receive tax deductible contributions, as confirmed by the Internal Revenue Service.**
- **An annual certified audit prepared by a qualified accountant or accounting service covering the last reporting period of operation. If a full audit is not available, include the most recent independent financial review.**
- **Current roster of all Board members, with terms specified.**

Complete the fields below with information for your organization's primary contact person during the application process:

First Name Bernita Last Name Sims
Title
Executive Director
Email Address (if different from agency email address)
bernitas@wrlp.net
Phone Number (if different from agency phone number)
336-691-5780

FY 2018-2019 Agency Funding Request

FY 2018-2019 Funding Request Amount: \$25,000

Is the requested amount for: ☐ A one-time expenditure ☒ Ongoing expenditure(s)

Which type of expenditure will this request address (select all that apply)?

- ☐ Operating (Personnel, Supplies, etc.)
- ☐ Capital (Facility Construction, Vehicle, etc.)
- ☒ Program (Training, Marketing, etc.)
- ☐ Other (Please specify) _____

If awarded will you utilize this grant as leverage to secure other funding?

☐ YES

☒ NO

If YES, please provide a brief explanation regarding the funding source, type, amount, and purpose?

Has your organization received funding from Guilford County within the past three (3) fiscal years?

☐ YES

☒ NO

If YES, please list your funding history, related organizational/program objective(s) and resulting outcome(s) in the table below:

Fiscal Year	Funding Amount	Program Objective	Economic Impact
Ex. 2013-2014	\$20,000	Expand marketing opportunities to generate increased monthly event attendance by 10%, resulting in the creation of ten (10) jobs to assist with event planning and management.	Monthly attendance increased by an average of 200 attendees, or 11.5%, for each event. Generated an additional \$35,000 in annual ticket sales resulting in twelve (12) full-time positions created for event planning and management.
2014-2015			
2015-2016			
2016-2017			

Organizational Capacity

Please provide a brief description of your organization's mission, major/primary services and activities provided.

The mission of Welfare Reform Liaison Project, Inc. is to assist with moving residents of Guilford County from poverty to self-sufficiency. We facilitate this process by teaching soft skills to individuals, i.e. job readiness, personal development and computer skills. Once this training has taken place, we conduct assessments and our customers are ready to embark on skills training as CDL licensing, various health care careers, construction, electrical, etc. to gain meaningful employment. In addition to job training, we also provide wraparound services to our customer in the form of assistance with child care tuition

Share your management and staffing structure, including staff years of experience in this field/industry and use of volunteers.

The day-to-day operation of the Agency is under the supervision of the Executive Director (ED) who has served in several capacities with the organization over the past 10 years prior to becoming ED. We have a Director (Tenure 3 years) of Finance/Compliance who has over 40 years' experience in the field of finance. The other senior members of the organization consist of a CSBG Director (Tenure 6 years), Training Manager (Tenure 5 years) and Operations Manager (Tenure 5 years). Other downline staff consists of Success Coaches, warehouse personnel job developer administrative personnel and store personnel These

Indicate how the programs/activities/services offered by your organization have benefited Guilford County citizens.

WRLP has been an integral part of the Guilford County community for 20 years. We have successfully trained over 2000 residents of the county, providing them with soft skills as well as credentialed training leading to employment. We have also through our wraparound services, assisted individuals with housing needs, i.e. permanent as well as temporary), tuition payments leading to graduation from area institutions of higher learning, assisted with maintaining viable means of transportation, and assisted with childcare needs. Many of our customers have obtained employment, maintained employment with benefits and are

Program/Project Information

Please provide a detailed description of the proposed goals/objectives your agency/program/project will accomplish in FY 2018-2019:

WRLP Proposes to Serve agency wide 196 individuals. Through utilizing implementation of several funding streams, this number will be closer to 300. Customers will be trained in the following areas. Building Trades (electrical, construction, forklift certification and other related fields) - 40 individuals with a 100% completion rat and a 70% placement rate. Customers will be taught basic construction skills including carpentry, drywall installation, basic electrical, basic plumbing, OSHA 10 and introduction to HVAC service. in addition to forklift certification, participants will be receiving certification in heavy equipment operation.

Which economic development goal(s) listed below will your organization primarily address through its program(s) and/or activities (select at least **ONE**):

- | | |
|--|--|
| ☒ Job creation and/or retention | ☐ Increase population |
| ☐ Increase taxable property | ☐ Increase and/or improve agricultural industries |
| ☐ Increase and/or improve industrial production | ☐ Increase and/or improve business prospects within Guilford County |

If you selected **Job creation and/or retention**, please complete the table below:

Fiscal Year	# Jobs Created	# Jobs Retained	Estimated Economic Impact (\$)
Ex. 2013-2014	4	10	\$410,750
2014-2015		68	1,232,766
2015-2016		99	1,757,200
2016-2017		59	804,989

Explain how jobs are created and how did you calculate or verify this information? Describe below or attach documentation.

Ex. Utilizing the US Bureau of Economic Analysis' Regional Input-Output Modeling System, we calculated the economic impact of job creation and retention in the Guilford County region using the following formula: Total Labor Income=Payroll x 1.6430

The information supplied above is calculated utilizing the rate of pay associated with the employment of participants along with the anticipated number of hours expected to work.

If you selected **Increase taxable property**, please complete the table below:

Fiscal Year	Increase in taxable property (\$)	Additional Explanation
Ex. 2013-2014	\$50,000	Expanded site by 5,000 sq. ft. to include four (4) new classrooms and training conference room for workforce development program.
2014-2015		
2015-2016		
2016-2017		

How did you calculate or verify this information? Describe below or attach documentation.

Ex. The FY 2014-2015 Guilford County property tax assessment verified the new value.

If you selected one of the following economic development goals:

- **Increase and/or improve industrial production**
- **Increase population**
- **Increase and/or improve agricultural industries OR**
- **Increase and/or improve business prospects within Guilford County**

please provide a detailed outline of your plan below, including information on the target dollar amount(s) or percent increase(s) that will be achieved and sustained and how long. Provide and/or attach documentation explaining your calculations:

Organizational and Program/Project Information

Organization's Proposed Operating Budget (FY 2018-2019) 1,551,247

Please provide in the area below, and/or attach a line-item budget, detailing proposed organizational expenditures and revenue for FY 2018-2019:

See Attached

If the grant request is for a specific program/project sponsored by your organization, please provide in the area below, and/or attach a line-item budget, detailing proposed program/project expenditures and revenue for FY 2018-2019:

Income:

Guilford County Grant - \$ 25,000

CSBG Grant Funding - \$ 53,500

Guilford County Workforce Development - \$ 53,500

Total \$ 132,000

Expenses:

Training Costs - \$2,535 per participant \$ 101,400

Client Assistance- \$100 per participant \$ 4,000

Space Costs - \$3,000 \$ 3,000

Materials - \$5,000 \$ 5,000

Success Coaching/Case Management \$ 14,600

Accounting \$ 4,000

Performance and Evaluation Measures

Outline the performance measures used to evaluate the effectiveness of your program and/or project and provide actual results for the prior three (3) fiscal years, along with year-to-date results for the current grant cycle and projected targets for FY 2018-2019: (Attach additional performance measures, if needed)

General Goals

Ex. Train clients to participate in vocation-specific internships or master apprentice programs.

1. Provide soft skills training to participants prior to enrolling internship training.
2. Enroll participants in skills training program, i.e. CAN, Construction, CDL, Hospitality.
3. Participants receive credentials/certifications.

Performance Measures

	Actual FY14-15	Actual FY15-16	Actual FY16-17	YTD FY17-18	Target FY18-19
<i>Ex. At least five (5) program graduates will be accepted into vocational internships.</i>	3	5	4	1	5

See Attached

As a reminder, please attach the following items to the application:

- Proof of your organization's current nonprofit 501(c)(3) tax exempt status and eligibility to receive tax deductible contributions, as confirmed by the Internal Revenue Service.
- An annual certified audit prepared by a qualified accountant or accounting service covering the last reporting period of operation. If a full audit is not available, include the most recent independent financial review.
- Current roster of all Board members, with terms specified.

**ALL APPLICATIONS AND ATTACHMENTS MUST BE SUBMITTED BY
5:00PM ON MONDAY, FEBRUARY 12, 2018.**



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248153327
Nov. 25, 2013 LTR 4168C 0
56-2046446 000000 00

00031746

BODC: TE

WELFARE REFORM LIAISON PROJECT
2601 GREENGATE DR
GREENSBORO NC 27406



046245

Employer Identification Number: 56-2046446
Person to Contact: Ms. Espelage
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Nov. 14, 2013, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in April 1998.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0248153327
Nov. 25, 2013 LTR 4168C 0
56-2046446 000000 00
00031747

WELFARE REFORM LIAISON PROJECT
2601 GREENGATE DR
GREENSBORO NC 27406

If you have any questions, please call us at the telephone number
shown in the heading of this letter.

Sincerely yours,



Richard McKee, Department Manager
Accounts Management Operations

WELFARE REFORM LIAISON PROJECT
BOARD OF DIRECTORS
2017

Public - 5
Private - 5
Target - 5

Name First	Name Last	Agency/Organization	Address	City	St	Zip	Phone	E-Mail Address	Board Position	Sector	Participation	Board Terms	Elig. For Reappt.
Bishop George	Brooks	Mt. Zion Baptist Church	1301 Alamanance Church Rd.	Greensboro	NC	27406	(336) 674-5040	brooks@mtzbc.com or brooks_george@bellsouth.net	Ex Officio Co-Founder		Ex Officio Co-Founder	2nd term; exp. 12/16	Y
Joyce	Allen	J.H. Adams Inn	P.O. Box 696	High Point	NC	27261	336-689-4195	jallen@jhadamsinn.com		Private		1st term; exp. 12/18	Y
Dr. Kimberly	Shelton	TIIMA Wellness	1591 Yanceyville St Suite 200A	Greensboro	NC	27405	336-907-3006	drshelton@mdvip.com		Private		1st term; exp. 12/19	Y
Jeff	Golden	City of High Point - City Council Appointment	1709 Oberlin Dr.	High Point	NC	27260	(336) 883-1736	Jeff.Golden@highpointnc.gov		Public		2nd term; exp. 12/19	N
Sandra	Hayes-Dunn	Mayor, City of High Point- Appointment	3207 Rocksprings Rd.	High Point	NC	27265	(336) 689-0361	shdgrace@northstate.net		Public		1st term; exp. 12/18	Y
Dr. Burdell	Kaught	High Point Neighborhood Associations	1206 Crawford Ave.	High Point	NC	27260	(336) 885-8216	no email address		Target		2nd term; exp. 12/19	N
Yvonne	Johnson	One Step Further	623 Eugene Court	Greensboro	NC	27401	(336) 275-3699 Cell: 255-3060	yvonnejohnsonGSO@gmail.com	Bd. Chair	Public		2nd term; exp. 12/17	Y
Lisa	Johnson-Tonkins	Guilford County Clerk of Courts	802 Ross Ave.	Greensboro	NC	27406	(336) 333-0024 H Cell: 558-1916	Lisa.y.Johnson-Tonkins@nccourts.org		Public		2nd term; exp. 12/19	N
Dr. Tobias	LaGrone	Conduct Intelligence Group	5217 Autumn Woods Dr	Greensboro	NC	27407	Cell: 339-7085	thinkbetter@live.com	Bd. Vice Chair	Private		1st term; exp. 12/18	Y
Ed	Price	Ed Price & Associates Realty	1220 North Main Street	High Point	NC	27262	(336) 812-3161	edprice@edpricetriad.com	Treasurer	Private		1st term; exp. 12/18	Y
Dr. Gloria	Rankin	Greensboro Housing Authority - Tenant Council-Smith Holmes	1801-B Hudgens Dr.	Greensboro	NC	27402	Cell: 209-4349 Home: 617-3053 Office: 303-3307	ministergloria@live.com	Secretary	Target		2nd term; exp. 12/17	N
Bernita	Sims	Welfare Reform Liaison Project	1600 E Wendover Avenue	Greensboro	NC	27405	336-691-5780	bernitae@wrhp.net	Executive Dir				
VACANT													
Monica	Walker	Guilford County Schools	120 Franklin Blvd.	Greensboro	NC	27401	336-549-0734	jazzyday@aol.com		Target		1st term; exp 12/18	Y
Ray	Tupp	Northeast Neighborhood Communities	2405 Pineview Drive	Greensboro	NC	27407	(336) 317-6003	RaymondTrapp@gmail.com		Public		1st term; exp 12/18	Y
Dr. Gekkie	Wells	Renaissance Community Co-op	4203 Belfield Drive	Greensboro	NC	27405	(336) 549-8712	wdlistmissy@aol.com		Target		2nd term; exp 12/19	N
Becky	Young-Stewart	Sebastian Health Center	915 Baswell	Pleasant Garden	NC	27313	H: 336-207-4400	byoungstewart@gmail.com		Target		1st term; exp: 12/19	Y
										Private		1st term; exp: 12/18	Y

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Budget Planning 2014-2015 FY

	2018-2019 BUDGET (Projection)	
Operating Expenses		
Salaries/Wages	624,000	81000
Payroll Taxes	41,125	
Fringe Benefits	8,941	
Salaries/Fringe Benefits	674,066	
Telephone	6,798	
Internet Expense	6,304	
Cellphone Expense	7,329	
Telephone / Internet	0	
Postage	1,273	
Printing/Copying	7,943	
Communication	29,646	
Equipment		
Equipment		
Rent	106,670	
Repairs/Maintenance	11,657	
Solid Waste Services	3,645	
Utilities	4,200	
Security Operating/Maintenance	3,500	
Space Cost/Build Out	-	
Space Cost	129,672	
Local Travel	8,300	
Out of Area Travel	5,000	
Vehicle Rental	0	
Lodging & Meals - Conferences	25,000	
Travel	38,300	
Supplies (repair and maintenance)	1,200	
Supplies (Office)	5,754	
Supplies	6,954	
Audit	15,000	
Contractual Training	106,280	
Contractual	121,280	
Client Assistance	108,570	
F.A.P.	15,900	
Job Training	35,000	
Supplies (Class & Training Materials)	26,500	
CDL Licensing Class	60,260	

	2018-2019 BUDGET (Projection)	
Pre-Apprenticeship Electrical	15,000	
Client Services	261,230	
Advertising	2,500	
Insurance	17,174	
Licenses	852	
Legal Fees	2,500	
Vehicle Fees	350	
Organizational Development	4,000	
Freight & Shipping	82,350	
Bank Charges/Interest	4,791	
Interest Expense	0	
Dues & Subscriptions	10,394	
Benevolence	0	
Employee Appreciation	1,500	
Depreciation Expense	23,914	
VISTA Cost Share Expense	0	
Fundraising Costs	15,000	
Meetings	0	
Staff Development	4,500	
ROMA Certification	1,500	
Moving Expenses	0	
Bank Loan		
Charitable Donations	30,000	
Training	0	
Miscellaneous	4,500	
Penalties - M&G	4,500	
PD&P Merchandise Expense	0	
Mileage Reimbursement	89,700	
Fuel	5,600	
Other	5,000	
	290,099	
	-	
Total Operating Expenses	1,551,247	
Net Income	(0)	

Performance Measures

	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	Projected FY 2018-2019
Number of Participants					
Projected	400	120	296	306	196
Actual	348	383	285	292	
%	87.00%	319.17%	96.28%	95.42%	
Number Rising Above Poverty					
Projected	30	20	40	35	10
Actual	18	29	26	15	
%	60.00%	145.00%	65.00%	42.86%	
Number Obtaining Employment					
Projected	104	84	100	75	50
Actual	68	99	59	39	
%	65.00%	117.86%	59.00%	52.00%	
Number Completing Education/Training					
Projected	150	80	100	120	117
Actual	170	144	117	84	
%	113.33%	180.00%	117.00%	70.00%	
Number Receiving Credentials					
Projected	360	108	266	275	117
Actual	189	216	148	125	
%	52.50%	200.00%	55.64%	45.45%	

FINANCIAL STATEMENTS
WELFARE REFORM LIAISON PROJECT, INC.
GREENSBORO, NORTH CAROLINA
FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016

WELFARE REFORM LIAISON PROJECT, INC.
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**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

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Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
of Certified Public
Accountants

Medical Group
Management
Association

To the Board of Directors
Welfare Reform Liaison Project, Inc.
Greensboro, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Welfare Reform Liaison Project, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, 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.

Auditors' 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 audits 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 Welfare Reform Liaison Project, Inc. as of June 30, 2017 and 2016, 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 12 to the financial statements, the Organization's continuing lack of cash flow, operating losses and the Organization's lack of funding streams raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Information

Our audit was 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2018 on our consideration of Welfare Reform Liaison 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 Welfare Reform Liaison Project, Inc.'s internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

May 23, 2018

FINANCIAL STATEMENTS

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WELFARE REFORM LIAISON PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,
ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	202	2,650
Grants receivable	55,517	81,948
Sales tax receivable	873	2,103
Prepays	<u>2,578</u>	<u>-</u>
Total current assets	<u>59,170</u>	<u>86,701</u>
Property and Equipment:		
Property and equipment, net	<u>125,613</u>	<u>159,723</u>
Total assets	<u>\$ 184,783</u>	<u>\$ 246,424</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 61,644	\$ 66,084
Payroll taxes and withholdings	44,051	49,577
Cash overdraft	49,419	88,019
CSBG payable	11,886	31,478
Bank loan - current portion	-	6,195
Line of credit	23,425	23,845
Board member loan	20,000	-
Due to Lizelle Project	18,468	-
Accrued salaries	12,256	8,192
Accrued leave	<u>9,220</u>	<u>1,639</u>
Total current liabilities	<u>250,369</u>	<u>275,029</u>
Noncurrent Liabilities:		
Bank loan - noncurrent portion	<u>-</u>	<u>-</u>
Total liabilities	<u>250,369</u>	<u>275,029</u>
Net Assets:		
Unrestricted net assets:		
Undesignated	<u>(65,586)</u>	<u>(28,605)</u>
Total net assets	<u>(65,586)</u>	<u>(28,605)</u>
Total liabilities and net assets	<u>\$ 184,783</u>	<u>\$ 246,424</u>

The accompanying notes are an integral part of these financial statements.

WELFARE REFORM LIAISON PROJECT, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30,

	<u>2017</u>	<u>2016</u>
Revenue:		
Distribution training center	\$ 316,556	\$ 309,252
Construction training	20,400	142,800
Contributions	36,410	34,230
CSBG - current year	922,839	897,853
CSBG - prior year	17,554	-
Other grants	28,585	54,475
Interest	1	-
Miscellaneous	27,212	20,811
Fundraising	15,585	22,775
Membership dues	353	400
Total revenue	<u>1,385,495</u>	<u>1,482,596</u>
Expenses:		
Program Services		
Product distribution	210,128	278,562
Employment training and placement	888,156	857,813
Project reentry	33,246	34,844
Supporting services		
Management and general	290,946	316,047
Total expenses	<u>1,422,476</u>	<u>1,487,266</u>
Change in net assets	(36,981)	(4,670)
Net assets at beginning of year	(28,605)	(23,935)
Net assets at end of year	<u>\$ (65,586)</u>	<u>\$ (28,605)</u>

The accompanying notes are an integral part of these financial statements.

WELFARE REFORM LIAISON PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Program Services		Project Reentry	Supporting Services Management and General	2017 Total
	Product Distribution	Employment Training and Placement			
Expenses:					
Salaries and wages	\$ 63,144	\$ 442,121	\$ 27,283	\$ 118,542	\$ 651,090
Employee benefits	-	4,279	-	2,016	6,295
Payroll taxes	5,737	44,231	2,422	6,209	58,599
Stipends	-	15,650	-	-	15,650
Staff development	-	1,375	-	460	1,835
Consulting	20,637	113,102	585	9,403	143,727
Direct assistance	-	96,696	-	-	96,696
Utilities	1,757	11,415	-	17,541	30,713
Rent	70,365	41,840	1,389	29,720	143,314
Repairs and maintenance	276	3,475	-	2,647	6,398
Freight and shipping	43,700	-	-	9	43,709
Conferences, training and meetings	4,131	17,451	-	422	22,004
Legal and accounting	-	7,250	-	5,750	13,000
Dues and subscriptions	-	9,592	-	1,016	10,608
Advertising	-	2,760	-	-	2,760
Supplies	433	3,894	245	1,307	5,879
Insurance - general	-	19,564	-	12,388	31,952
Telephone	-	10,683	427	7,060	18,170
Postage and printing	-	828	-	1,135	1,963
Equipment rental	-	4,584	-	2,860	7,444
Travel	-	7,481	895	12,844	21,220
Depreciation	-	-	-	34,110	34,110
Bank charges	-	-	-	6,658	6,658
Fundraising	-	-	-	11,090	11,090
Fees and licenses	-	-	-	1,187	31,020
Miscellaneous	(52)	29,885	-	6,572	6,572
Total Expenses	\$ 210,128	\$ 888,156	\$ 33,246	\$ 290,946	\$ 1,422,476

The accompanying notes are an integral part of these financial statements.

WELFARE REFORM LIAISON PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Program Services		Project Reentry	Supporting Services		2016 Total
	Product Distribution	Employment Training and Placement		Management and General		
Expenses:						
Salaries and wages	\$ 87,378	\$ 337,581	\$ 28,751	\$ 130,880	\$	\$ 584,590
Employee benefits	168	3,145	-	1,743		5,056
Payroll taxes	9,661	44,510	3,187	15,871		73,229
Stipends	-	66,700	-	-		66,700
Staff development	-	3,123	-	263		3,386
Consulting	19,498	124,211	529	5,253		149,491
Direct assistance	-	57,636	-	-		57,636
Utilities	-	18,153	-	10,597		30,319
Rent	1,569	19,910	1,421	78,357		153,105
Repairs and maintenance	53,417	10,422	-	2,731		13,987
Freight and shipping	834	-	-	657		46,657
Conferences, training and meetings	46,000	-	-	839		85,675
Legal and accounting	58,547	26,289	-	-		-
Dues and subscriptions	-	5,049	-	700		5,749
Advertising	367	-	-	-		367
Supplies	946	4,322	(75)	2,123		7,316
Insurance - general	-	12,628	-	4,478		17,106
Telephone	-	11,579	453	6,838		18,870
Postage and printing	-	1,041	-	1,109		2,150
Equipment rental	99	24,673	-	2,839		27,611
Travel	-	3,762	578	13,239		17,579
Depreciation	-	12,893	-	11,021		23,914
Bank charges	-	-	-	8,573		8,573
Fundraising	-	-	-	8,956		8,956
Fees and licenses	78	30,822	-	1,300		32,200
CSBG payback	-	39,364	-	-		39,364
Miscellaneous	-	-	-	7,680		7,680
Total Expenses	\$ 278,562	\$ 857,813	\$ 34,844	\$ 316,047		\$ 1,487,266

The accompanying notes are an integral part of these financial statements.

WELFARE REFORM LIAISON PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (36,981)	\$ (4,670)
Adjustments to reconcile change in net assets to net cash		
Provided (used) by operating activities:		
Depreciation	34,110	23,914
(Increase) decrease in:		
Accounts receivable	2,448	4,316
Grants receivable	26,431	49,099
Sales tax receivable	1,230	2,663
Prepays	(2,578)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,440)	(60,132)
Payroll taxes and withholdings	(5,526)	(16,860)
Cash overdraft	(38,600)	88,019
Accrued salaries	4,064	4,276
Accrued leave	7,581	(9,002)
Other accrued liabilities	(19,592)	31,478
Net cash provided (used) by operating activities	<u>(31,853)</u>	<u>113,101</u>
Cash flows from investing activities:		
Purchase of fixed assets	-	(112,000)
Net cash used by investing activities	<u>-</u>	<u>(112,000)</u>
Cash flows from financing activities:		
Proceeds from line of credit	23,425	23,845
Proceeds from loan payable to Lizelle Project	18,468	-
Proceeds on loan payable to Board Member	20,000	-
Payments on line of credit	(23,845)	(20,271)
Payments on bank loan	(6,195)	(23,828)
Net cash provided (used) by financing activities	<u>31,853</u>	<u>(20,254)</u>
Net decrease in cash	-	(19,153)
Cash at Beginning of Year	-	19,153
Cash at End of Year	<u>\$ -</u>	<u>\$ -</u>
Supplemental Disclosure		
Interest paid	<u>\$ 3,804</u>	<u>\$ 4,226</u>

The accompanying notes are an integral part of these financial statements.

WELFARE REFORM LIAISON PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Welfare Reform Liaison Project, Inc. OIC-CAA (the Organization) was incorporated September 22, 1997, under the laws of the State of North Carolina and primarily serves the Guilford County area. The purpose of the Organization is to provide job training and opportunities for personal growth as an interim step in the process of moving individuals from welfare to the work force. To provide funding for these activities, the Organization solicits contributions and grants from various sources. The Organization also maintains its Distribution Training Center which distributes clothing, office supplies, and other items, provided by the Gift in Kind program and other corporate providers, to local non-profit agencies as a source of revenue and as training for its clients.

Basis of Presentation:

Accrual Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under these provisions, the Organization is required to report information regarding its financial position and operations according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations and are available without limitation for the support of the Organization's operating activities. The Organization had (\$65,586) and (\$28,605) of unrestricted net assets at June 30, 2017 and 2016, respectively.

Temporarily Restricted Net Assets – These net assets represent contributions, and other income which must be spent for the purpose designated by the donors. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization had no temporarily restricted net assets as of June 30, 2017 and 2016.

Permanently Restricted Net Assets – The net assets that are subject to donor-imposed stipulations that the principal be invested permanently and the income be used either for a designated purpose or for general operations of the Organization. Generally, the donors of these assets permit the Organization to use all of, or part of, the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets as of June 30, 2017 and 2016.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of operations. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WELFARE REFORM LIAISON PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Program Services:

The following provides a description of the Organization's programs:

Product Distribution – Provides products that are donated by manufacturers and retailers, to qualified nonprofit and faith-based organizations or qualified sponsored individuals; manages product distribution or bulk product transportation for partner agencies; and provide product processing for organizations and companies.

Employment Training and Placement – Works to increase earned household income through job training, job development, entrepreneurial development, case management and other employment-related support activities.

Project Reentry – Works to improve the reintegration of former offenders, reduce criminal justice costs and increase public safety through the establishment of a pre to post-release transitional planning system.

Support and Revenue:

Grants and other contributions – Grants and contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid debt instruments and time deposits other than those limited as to use for other than operating purposes, with an acquisition maturity of less than three months.

Use of Estimates:

The preparation of financial statements 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. Changes in estimates are recognized in the period in which they are determined.

Income Taxes:

The Organization is exempt from federal income taxes under sections 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2017. The Organization recognizes an uncertainty tax position of "more than likely not" level of fifty percent that the position will be sustained by the Internal Revenue Service. Income taxes did not have a material impact on the financial position or results of operations of the Organization as of and for the year ended June 30, 2017. Income tax returns from 2015 through 2017 are open for examination by taxing authorities.

WELFARE REFORM LIAISON PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Accounts Receivable:

Credit to customers is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are usually due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Organization determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Organization's previous loss history, the customers current ability to pay its obligation to the Organization and the condition of the general economy and the industry as a whole. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The Organization considers accounts receivable to be fully collectible at June 30, 2017 and 2016.

Accounts receivable balances totaled \$202 and \$2,650 for the years ended June 30, 2017 and 2016, respectively.

Property, Equipment and Depreciation:

Property and equipment are stated at cost, or if donated, at estimated fair market value at the date of donation. The Organization capitalizes property and equipment in excess of \$600. Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

Equipment	3 to 10 years
Furniture and fixtures	5 years
Automobiles	5 years

Accrued Leave:

Employees are entitled to paid vacation depending on the length of service and other factors. Vacation pay has been recorded in the foregoing financial statements at the employees' current pay rate.

Advertising Costs:

The Organization charges the costs of advertising to expense, as incurred. Advertising expenses for the years ended June 30, 2017 and 2016 were \$2,760 and \$367, respectively.

WELFARE REFORM LIAISON PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 – PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	2017	2016
Equipment	\$ 213,304	\$ 213,304
Furniture and Fixtures	30,000	30,000
Automobiles	107,800	107,800
	351,104	351,104
Less: Accumulated Depreciation	(225,491)	(191,381)
	<u>\$ 125,613</u>	<u>\$ 159,723</u>

Depreciation expense for the year ended June 30, 2017 and 2016 was \$34,110 and \$23,914, respectively.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The Organization receives grant funds from federal and state agencies. Such funds are subject to final approval by the grantor agencies, and deficiencies, if any, are the responsibility of the Organization. The Organization received 68% and 61% of its revenues from the North Carolina Department of Health and Human Services for the years ended June 30, 2017 and 2016, respectively.

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federal insured limits.

NOTE 4 – LINE OF CREDIT

The Organization maintains a line of credit for three bank cards and overdraft protection. All amounts per billing cycle are due within the next month. For the years ended June 30, 2017 and 2016, the Organization had an outstanding line of credit balance of \$23,425 and \$23,845, respectively.

NOTE 5 – BANK LOAN

The Organization obtained a bank loan in 2009 for the amount of \$50,000 and modified the loan September 16, 2014 for the amount of \$47,066. The interest rate on the loan is 5.75% and monthly payments of \$2,081 are required through September 2016. For the years ended June 30, 2017 and 2016, the Organization had an outstanding loan balance of \$0 and \$6,195, respectively. The loan was paid in full during the year ended June 30, 2017.

Interest expense was \$3,804 and \$4,226 for the years ended June 30, 2017 and 2016, respectively.

NOTE 6 – LOAN PAYABLE TO BOARD MEMBER

During the year ended June 30, 2017, the Organization received an unsecured loan from one of its Board members for \$20,000. The loan does not include any interest or repayment date.

WELFARE REFORM LIAISON PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 7 – OPERATING LEASES

The Organization leases its distribution and warehouse facilities, office space, and training center in Greensboro. Monthly payments are \$10,295 for the period August 1, 2015 through July 31, 2017. The lease will expire on July 31, 2017.

The Organization has a lease for an office unit in Greensboro. Monthly payments are \$3,585, and the lease will expire May 31, 2010.

The Organization has a lease for office space in Greensboro. Monthly payments are \$4,288, and the lease will expire March 24, 2022.

The Organization has a lease for additional space for training facilities in High Point. Monthly payments are \$517, and the lease will expire October 31, 2018.

The Organization has a lease in High Point. Monthly payments are \$500, and the lease will expire April 14, 2018.

Future minimum lease payments for these operating leases as of June 30, 2017 are as follows:

2018	\$	119,145
2019		99,717
2020		97,650
2021		51,450
2022		38,588
Total	\$	<u>406,550</u>

The Organization also leases various equipment on an as needed basis.

NOTE 8 – CONTRACTUAL AGREEMENTS

The Organization has entered into various agreements to obtain varying program services with other Organizations and training personnel. These agreements expire on various dates.

NOTE 9 – CSBG PAYABLE

During the years ended June 30, 2013 and 2014, the CSBG program and its funding agency revised its cost reimbursement rates applicable to the Organization. Consequently, some costs that were reimbursed to the Organization were subsequently disallowed by the funding agency. During the year ended June 30, 2016, the Organization was informed that the amount of costs disallowed is \$39,364. The Organization must repay this amount. The Organization owes the funding agency \$11,886 and \$31,478 as of June 30, 2017 and 2016, respectively.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Organization has not evaluated subsequent events after that date. There was one subsequent event during this period that requires disclosure.

On August 11, 2017, the Organization entered into a loan agreement with Greensboro Community Development Fund for moving capital. The agreement, which expires in August 2021

WELFARE REFORM LIAISON PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

requires a monthly payment of approximately \$2,077 including principal and interest. Future maturities of the loan are as follows:

Year Ended June 30,	Amount
2018	\$ 15,339
2019	19,948
2020	21,658
2021	23,514
2022	4,217
Total payments	<u>\$ 84,676</u>

NOTE 11 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; and natural disasters. During the years ended June 30, 2017 and 2016, the Organization carried insurance through a commercial carrier to cover all risks of loss. The Organization has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 12 – GOING CONCERN UNCERTAINTY

At June 30, 2017, the Organization had a deficit in net assets of \$65,586 and incurred an operating loss of \$36,981 for the year ended June 30, 2017. These conditions, as well as the Organization's lack of funding streams generates an uncertainty regarding the Organization's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

Management will take action to reduce its financial deficit created by expenditures in excess of available revenues. Management's plans include diversifying and obtaining new sources of income such as private grants and contributions, managing and minimizing expenses, and improving internal controls and operations to provide for improved financial accountability.

NOTE 13 – NONCOMPLIANCE WITH LAWS AND REGULATIONS

The Organization filed requests for reimbursements with the NC Department of Health and Human Services for its CSBG program. Some of the requests for reimbursements included requests for expenditures that had not been paid to be reimbursed. Grant regulations require funds to be received on a reimbursement basis. The effect of this noncompliance on the financial statements cannot be determined at the date of the audit report. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue to receive its CSBG funding.

COMPLIANCE SECTION

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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
Welfare Reform Liaison Project, Inc.
Greensboro, North Carolina

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 Welfare Reform Liaison Project, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, 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 May 23, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Welfare Reform Liaison 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Welfare Reform Liaison Project, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, control, described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Findings 2017-001 through 2017-003.

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. We do not consider the deficiencies in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Welfare Reform Liaison Project, Inc.'s 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 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 instances of noncompliance or other matters that are required to be reported under *Government*

Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items: Findings 2017-001 through 2017-003.

Welfare Reform Liaison Project, Inc. Response to Findings

Welfare Reform Liaison Project, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Welfare Reform Liaison Project, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

May 23, 2018

PM&P

**PETWAY
MILLS &
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Welfare Reform Liaison Project, Inc.
Greensboro, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Welfare Reform Liaison Project, Inc. (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Welfare Reform Liaison Project, Inc.'s major federal programs for the year ended June 30, 2017. Welfare Reform Liaison Project, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Welfare Reform Liaison Project, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Welfare Reform Liaison Project, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Welfare Reform Liaison Project, Inc.'s compliance.

Basis for Qualified Opinion on CSBG Program

As described in the accompanying schedule of findings and questioned costs, Welfare Reform Liaison Project, Inc. did not comply with requirements regarding allowable activities, allowable costs and reporting-requests for reimbursements for the CSBG Program as described in findings 2017-001 through Findings 2017-003. Compliance with such requirements is necessary, in our opinion, for Welfare Reform Liaison Project, Inc. to comply with requirements applicable to that program.

Qualified Opinion on CSBG Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion Paragraph Welfare Reform Liaison Project, Inc. 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 June 30, 2017.

Other Matters

Welfare Reform Liaison Project, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Welfare Reform Liaison Project, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Welfare Reform Liaison Project, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items: Findings 2017-001 through 2017-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or 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. We do not consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Welfare Reform Liaison Project, Inc.'s response to the internal control findings identified in our audit are described in the accompanying schedule of findings and questioned

costs. Welfare Reform Liaison Project, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

May 23, 2018

**WELFARE REFORM LIAISON PROJECT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I -- SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified?	☒ yes	☐ no
Significant deficiencies identified that are not considered to be material weaknesses?	☐ yes	☒ none reported
Noncompliance material to financial statements noted?	☒ yes	☐ no

SECTION II -- FEDERAL AWARDS

Financial Statements

Type of auditors' report issued on compliance for major federal program: Qualified.

Internal control over major federal programs:

Material weakness(es) identified?	☒ yes	☐ no
Significant deficiencies identified that are not considered to be material weaknesses?	☐ yes	☒ no
Noncompliance material to financial statements noted?	☒ yes	☐ no
Any findings disclosed that are required to be reported in accordance with Uniform Guidance	☒ yes	☐ no

Identification of major federal program

CFDA Numbers

93.569

Names of Federal Program or Cluster

Community Services Block Grant

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk?

☐ yes ☒ no

**WELFARE REFORM LIAISON PROJECT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I. -- FINANCIAL STATEMENT FINDINGS

See Findings 2017-001 through 2017-003 below.

SECTION II. -- FEDERAL AWARD FINDINGS

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES
COMMUNITY SERVICES BLOCK GRANT CFDA #93.569**

MATERIAL WEAKNESS

FINDING 2017-001

ACTIVITIES ALLOWED AND UNALLOWED

Criteria:	The Organization is responsible for maintaining complete, accurate and reliable financial records.
Condition:	The Organization's financial records are not adequately documented and maintained due to lack of staff with adequate experience. Accounts are not reconciled to actual amounts and supporting work papers on a regular basis. This leads to material misstatements in financial reports and insufficient reporting to the Board of Directors. The financial statements required material correction to present the current year financial position fairly.
Effect:	Financial data is not accurately portrayed leading to potential material misstatements in the financial reporting.
Cause:	Turnover in key management positions and lack of accounting experience.
Questioned costs:	None.
Recommendation:	Accounts should be reconciled regularly to actual amounts and supporting documentation. Adjustments should be made regularly and not only at year end. Amounts should not be entered into the accounting software without adequate reason.
Views of responsible officials and planned corrective action:	The Board agrees with this finding. Planned corrective actions are presented in detail in the corrective action section of the audit report.
Current status:	The Organization is working to ensure all financial data is accurately portrayed and reconcile account balances to supporting work papers.

**WELFARE REFORM LIAISON PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

MATERIAL WEAKNESS

FINDING 2017-002

CASH MANAGEMENT/ALLOWABLE COSTS

Criteria:	The Organization may only request reimbursement from the grantor for costs that are allowable and adhere to required cost principles. The cost must be paid before a request for reimbursement can be made.
Condition:	During the year ended June 30, 2017, the Organization requested reimbursement from the CSBG program funding agency for expenditures that had not been paid by the Organization.
Effect:	The Organization could be required to reimburse the grant for amounts that were reimbursed prior to being expensed.
Cause:	Lack of understanding of allowable costs and cost principles and grant requirements.
Questioned costs:	Indeterminable
Recommendation:	Obtain training in allowable costs and activities and the required cost principles. Implement adequate internal controls to ensure reimbursement requests occur subsequent to expenditure of funds.
Views of responsible officials and planned corrective action:	The Board agrees with this finding. Planned corrective actions are presented in detail in the corrective action section of the audit report.
Current status:	The Organization will review and obtain training allowable costs and activities and cost principles. The Organization will ensure reimbursement occurs subsequent to expenditures.

**WELFARE REFORM LIAISON PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

MATERIAL WEAKNESS

FINDING 2017-003

ACTIVITIES ALLOWED AND UNALLOWED

Criteria:	The Organization is expected to be financially sound and self-sufficient with positive net assets.
Condition:	The Organization is operating with expenditures in excess of revenue, insufficient cash flow and continuing deficits and is a going concern uncertainty.
Effect:	The Organization lacks financial stability and resources sufficient to ensures its continued operation.
Cause:	Management has failed to maintain budgets that are balanced with revenues equal to expenditures. The Organization is reliant on grant funding instead of developing additional unrestricted income streams.
Questioned costs:	None
Recommendation:	Increase unrestricted income streams and minimize expenditures.
Views of responsible officials and planned corrective action:	The Board agrees with this finding. Planned corrective actions are presented in detail in the corrective action section of the audit report.
Current status:	Management plans to increase unrestricted income streams and decrease expenditures to balance the budget.

**WELFARE REFORM LIAISON PROJECT, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I. -- FINANCIAL STATEMENT FINDINGS

See Findings 2017-001 through Findings 2017-002 below.

SECTION II. -- FEDERAL AWARD FINDINGS

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES
COMMUNITY SERVICES BLOCK GRANT CFDA #93.569**

MATERIAL WEAKNESS

FINDING 2017-001

Contact: Interim President/CEO

Corrective Action: The Organization has implemented a new management team who has multiple years of experience working with non profits. Accounts are reconciled regularly to actual amounts and adjustments are made on a regular basis. Financials are presented monthly to the Board and reviewed and approved.

Effective Date: Immediately

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES
COMMUNITY SERVICES BLOCK GRANT CFDA #93.569**

MATERIAL WEAKNESS

FINDING 2017-002

Contact: Interim President/CEO

Corrective Action: The Organization has implemented a new management team who has been trained on allowed costs, cost principles and reimbursement requirements. Amounts requested are reviewed and approved by the Finance Director and President/CEO.

Effective Date: Immediately

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES
COMMUNITY SERVICES BLOCK GRANT CFDA #93.569**

MATERIAL WEAKNESS

FINDING 2017-003

Contact: Interim President/CEO

Corrective Action: The Organization will diversify and obtain new sources of income, manage and minimize expenses, and improve internal controls and operations to provide for improved financial accountability.

Effective Date: Immediately

**WELFARE REFORM LIAISON PROJECT, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding 2016-001 stated that in order to ensure complete and accurate financial information, the Organization should have an adequate internal control system which includes timely reconciliations of significant and material accounts. During 2017, reconciliations were not made timely and multiple adjustments were needed to accurately reflect material accounts. Therefore, the finding was repeated as Finding 2017-001.

Finding 2016-002 stated that the Organization requested reimbursement for expenditures charged to the grant. Reimbursement from the grant was received, but not supported by actual expenditures made during the year. During 2017, the Organization requested reimbursement for expenditures that were not paid by the Organization prior to reimbursement from the grant. The Organization may be required to repay these amounts. Therefore, the finding was repeated as Finding 2017-002.

WELFARE REFORM LIAISON PROJECT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
Federal Awards		
U.S. Department of Health and Human Services:		
Passed through N.C. Department of Health and Human Services:		
Community Services Block Grant	93.569	\$ 922,839
Total Federal Awards		922,839

Notes to the Schedule of Expenditures of Federal Awards:

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Welfare Reform Liaison Project, Inc. under the programs of the federal government for the year ended June 30, 2017. This information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Requirements (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Welfare Reform Liaison Project, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Welfare Reform Liaison Project, Inc.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting.

Note 3: Indirect Costs

The Organization has not elected to charge a 10% de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

The accompanying notes are an integral part of this schedule.

seamlessdocs

Beth Anne Aheron ▾

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2	☐ 	Jun 20, 2018 5:08 PM EDT	717 S. Marshall St., Suite 10...	NC
3	☐ 	Feb 12, 2018 4:57 PM EST	601-B E. Market St	NC
4	☐ 	Feb 12, 2018 3:09 PM EST	PO Box 2392	NC
5	☐ 	Feb 12, 2018 2:07 PM EST	200 N. Davie St Suite 200 B...	NC
6	☐ 	Feb 12, 2018 1:58 PM EST	536 S Elm St	NC
7	☐ 	Feb 12, 2018 8:53 AM EST	PO Box 1111	NC
8	☐ 	Feb 11, 2018 5:57 PM EST	2517 Phillips Avenue	NC
9	☐ 	Feb 11, 2018 5:41 PM EST	623 Eugene Court	NC
10	☐ 	Feb 10, 2018 6:26 PM EST	1451 S. Elm-Eugene Street,...	NC
11	☐ 	Feb 9, 2018 3:57 PM EST	PO Box 877	NC
12	☐ 	Feb 9, 2018 1:49 PM EST	121 S. Centennial Street	NC
13	☐ 	Feb 6, 2018 1:30 PM EST	111 West February One Place	NC

Welfare Reform